

# Men Who Claim Benefits Before Age 65: Findings From the Survey of New Beneficiaries, 1968

by PATIENCE LAURIAT and WILLIAM RABIN\*

*This is the first in a series of articles on the characteristics of persons who were recently awarded benefits as retired workers. The data are the first findings from the on-going Survey of Newly Entitled Beneficiaries, describing the demographic characteristics of the individuals as well as their economic resources and employment status during the period immediately following their awards. The relationship of these factors to the worker's age at entitlement is explored in the present report, with particular focus on men who become entitled before age 65 and thus receive monthly benefits at an actuarially reduced rate. Subsequent reports will investigate some of the health and other personal factors that enter into the decision to become entitled to either full or actuarially reduced benefits.*

FROM THE TIME actuarially reduced benefits first became available under the social security program (since 1956 for women and 1961 for men), the proportion of workers with such benefits in payment status has increased by about 3 percent a year for both men and women. Currently, about half the men and two-thirds of the women initially awarded retired-worker benefits elect an actuarial reduction.

To collect information on the resources of workers claiming benefits at different ages and to investigate the factors entering into the decision of large numbers of workers to become entitled to benefits before age 65, the Social Security Administration has undertaken the Survey of Newly Entitled Beneficiaries (SNEB). Data on retirement status, labor-force participation, income sources, and why the beneficiaries left their last job are combined with data from the social security records to obtain information about those individuals who recently came on the benefit rolls.

The universe, which is sampled monthly, consists of all persons residing in the United States who were awarded retired-worker benefits for the first time. Excluded from the sample are persons who had been receiving disabled-worker benefits that were converted to retired-worker benefits when they reached age 65. Because the main purpose of the survey is to obtain information about persons who have just come on the social security retired-worker rolls it did not seem appropriate to include those whose benefits are automatically converted from the disabled-worker to the retired-worker category for administrative purposes. Because the universe is limited to retired workers, transitionally insured persons age 72 and over are included in the sample, but the "special age-72" beneficiaries are not. Those who might have been eligible for retired-worker benefits but did not file a claim are, of course, excluded by definition of the universe.

Each month, starting with July 1968, a sample of persons awarded retired-worker benefits has been selected. Survey questionnaires are mailed, with one or two follow-ups, to persons in the sample as soon as possible after selection, usually within 2-3 months. About 75 percent of the persons respond by mail. Every 3 months, personal follow-up of a sample of those who did not return questionnaires is conducted to reduce the residual nonresponse. The response rate is thereby increased to 90 percent.

In order to become entitled to retired-worker benefits the individual must file a claim for such benefits and he must be at least aged 62 and fully insured in the month of entitlement. The month of entitlement is the first month for which the retired-worker benefit is paid. Whether or not the worker actually receives a benefit beginning in that month usually depends on whether or not he meets the requirements of the earnings test.

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\* Division of Retirement and Survivor Studies, Office of Research and Statistics.

Age at entitlement and payment status at award are the major classifying variables for the analysis presented in this report. These variables determine whether the benefits are actuarially reduced because they were claimed before age 65 and whether the worker decides to receive or postpone them. This report is based on a sample of 19,000 awardees representing about 540,000 awards to retired workers in the last half of 1968, distributed as follows:

Payment status at award and age at entitlement	Men	Women
Number (in thousands).....	325	216
Total percent.....	100	100
Benefits payable.....	60	81
Reduced benefits.....	50	68
Age 62.....	31	52
Age 63.....	10	8
Age 64.....	9	8
Benefits not reduced.....	10	13
Age 65.....	7	8
Age 66 or older.....	4	5
Benefits postponed.....	40	19
Age 62 to 64.....	5	3
Age 65 or over.....	34	16

Thus, about two-fifths of the men and one-fifth of the women to whom retirement benefits were awarded in the last 6 months of 1968 had payment of the benefits postponed. Five in 6 of the men requesting payment at award elected a reduction to obtain benefits before age 65; 7 in 8 of the women did so.

This analysis concentrates on three major groups of retired-worker beneficiaries:

1. *Persons whose benefits were payable at award and were reduced.*

a. Persons aged 62 at entitlement represent workers who chose to retire at age 62, some of whom would have filed for retired-worker benefits at an earlier age if they could have. This group also includes many who were aged 63 at filing but chose to become entitled retroactively.

b. Many of those aged 63 or 64 at entitlement represent workers aged 65 or close to 65 when they file a claim and request benefits to be paid retroactively. For this reason many in this group have characteristics, such as Medicare entitlement, similar to persons entitled at age 65.<sup>1</sup>

The reduction for early entitlement is applied to

<sup>1</sup> Some persons under age 65 at entitlement file simultaneously for both reduced retired-worker benefits and disabled-worker benefits so that they can receive some benefits while the disability claim is being adjudicated. Most of these interim cases are converted to disabled-worker benefits after adjudication.

the primary insurance amount (PIA)<sup>2</sup> for an individual. For every month of entitlement and benefit payment before age 65, the PIA is reduced by 5/9 of 1 percent. The monthly benefit amount payable to a worker who became entitled before age 65 is equivalent to the PIA so reduced. Since an individual cannot become entitled more than 36 months before he is aged 65, the maximum reduction is 20 percent of the PIA. When a worker who has elected to receive reduced benefits attains age 65, the original actuarial reduction is automatically recalculated to take into account any months for which benefits were not paid before age 65 as well as any covered earnings in the interim.

At the end of 1968, among persons who were awarded retired-worker benefits that were currently payable, the average monthly benefit was \$111.25 for men entitled at age 65 or older and \$94.25 for women. Among those with benefits reduced for early entitlement, the average monthly benefit for men was \$97.00 (an average reduction of 15 percent), and for women it was \$74.75 (an average reduction of 16 percent).

Under the present law, the PIA is based on average monthly earnings to age 65 for men and age 62 for women, with the 5 lowest years of earnings disregarded. Thus, for women, there is no diminution of the PIA if they claim reduced benefits. If a man claims benefits at age 62 and stops working, however, 3 of his 5 "drop-out years" will be for ages 62, 63, and 64. A woman would thus receive a higher PIA than a man at age 62 with an identical earnings record.

2. *Persons whose benefits were payable at award and were not reduced.*

About two-thirds of the persons in this group are aged 65 at entitlement and may be considered the conventional case of retirement with a full benefit. The remaining one-third became entitled after age 65, usually because they were not eligible for retired-worker benefits when they reached 65 but earned insured status by subsequent covered employment. A few are those aged 72 or older who qualify for benefits as transitionally insured under special provisions.

3. *Persons whose benefits were postponed at award.*

These individuals are, in general, persons aged 65 who filed a claim only to be eligible for benefits under Medicare; if they were insured, they became entitled to retired-worker benefits but, because they were still employed, they would not draw the benefits at award. They lose nothing by filing for entitlement at age 65 because the annual recomputation may increase their benefit rates to reflect their additional earnings. (Every year, benefit rates for all retired workers who were

<sup>2</sup> The PIA is the amount that would be payable to a retired worker who begins to get benefits at age 65 or to a disabled worker. This amount, which is related to the worker's average monthly earnings, is also the amount used as a base for computing all types of benefits payable on the basis of one individual's earnings record.

employed during the year are recalculated automatically to reflect their latest earnings. If the re-computation results in a higher benefit rate, the worker's benefits are raised accordingly.)

This article focuses on the factors affecting men's decisions on claiming benefits, but data for women are included in all the tables for comparative purposes. Future articles will analyze the information on women who have recently come on the rolls.

Since the estimates in this report are based on a sample, they may differ somewhat from the figures that would have been obtained by asking the same questions of all persons in the subject population. Some preliminary estimates of sampling variability of the survey results are given in the Technical Note at the end of the article.

### Entitlement and Filing

Insured workers are not necessarily entitled to benefits beginning in the month in which they file. A worker who is otherwise eligible can request that his benefit award be effective as many as 12 months before the month of filing (retroactive entitlement) or as many as 3 months after his month of filing (advance filing). Thus, a worker entitled at age 62 could be 63 when he filed for benefits or one entitled at age 65 could be 64 when he filed.

Half the men entitled at age 62 to reduced benefits payable at award and more than one-fourth of the men so entitled at ages 63 and 64 filed in advance of their month of entitlement (table 1). A majority (about 60 percent) of the men entitled to benefits payable at award at age 65 filed before they reached that age, presumably in order to assure coverage under Medicare and receive their benefit as soon as possible. About 73 percent of men whose benefits were postponed at award filed before entitlement, presumably for Medicare purposes.

It seems likely that the reason so many of the men entitled at age 62 filed in advance or filed in the month of their entitlement is simply that they wanted to file as soon as it was possible. About 1 in 3 of these men reported that they had not worked for at least 12 months or more before their entitlement. In the absence of earnings for a year or more, they took advantage of the first opportunity to obtain the income that the social security program offered.

### Demographic Characteristics

By and large, there appear to be little differences in the marital status, race, or educational attainment of men entitled at age 62, compared

TABLE 1.—Type of filing: Percentage distribution of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards

Type of filing and sex	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post-poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<i>Men</i>									
Number (in thousands).....	196	162	34	129	99	32	31	22	12
Total percent.....	100	100	100	100	100	100	100	100	100
Advanced filing.....	42	42	43	73	51	26	30	62	6
Filing in month of entitlement.....	7	8	5	5	8	6	6	6	3
Retroactive filing.....	51	51	52	22	41	67	64	32	91
1-3 months.....	9	10	8	6	11	6	9	6	10
4-11 months.....	24	26	17	10	22	26	38	13	23
12 months.....	18	15	28	6	8	36	18	13	57
<i>Women</i>									
Number (in thousands).....	175	148	28	40	113	18	16	18	10
Total percent.....	100	100	100	100	100	100	100	100	100
Advance filing.....	46	47	38	67	56	16	18	57	4
Filing in month of entitlement.....	8	8	6	6	10	2	3	8	2
Retroactive filing.....	43	44	56	27	34	81	79	35	93
1-3 months.....	9	9	7	8	10	6	8	7	8
4-11 months.....	20	21	13	10	16	30	44	11	17
12 months.....	18	14	35	9	7	45	27	16	68

with those of workers entitled at ages 63, 64, or 65 to benefits payable at award (table 2). Those entitled at age 66 are somewhat different in all respects. Men with postponed benefits are differ-

TABLE 2.—Selected demographic characteristics: Percentage distribution of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards

Marital status, race, residence, educational attainment, and sex	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post-poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<b>Marital status</b>									
<i>Men</i>									
Number (in thousands).....	196	162	34	129	99	32	31	22	12
Total percent.....	100	100	100	100	100	100	100	100	100
Married.....	78	78	76	87	76	79	83	81	66
Nonmarried.....	22	22	24	13	24	21	17	19	34
Widowed.....	7	6	8	5	7	4	6	6	12
Divorced or separated.....	7	8	6	3	8	7	5	5	9
Never married.....	7	6	8	3	7	8	3	8	9
Not specified.....	2	2	2	2	2	2	2	1	4
<i>Women</i>									
Number (in thousands).....	175	148	28	40	113	18	16	18	10
Total percent.....	100	100	100	100	100	100	100	100	100
Married.....	62	68	30	32	73	54	47	30	30
Nonmarried.....	38	32	70	68	27	46	53	70	70
Widowed.....	20	13	54	35	10	23	24	56	51
Divorced or separated.....	9	10	6	12	9	12	13	6	8
Never married.....	8	8	8	18	6	9	14	7	9
Not specified.....	2	2	2	3	1	2	2	2	2
<b>Race</b>									
<i>Men</i>									
Total percent.....	100	100	100	100	100	100	100	100	100
White.....	89	90	86	94	90	90	91	90	78
Races other than white.....	11	10	14	6	10	10	9	10	22
Negro.....	10	9	11	5	9	10	8	10	15
<i>Women</i>									
Total percent.....	100	100	100	100	100	100	100	100	100
White.....	89	89	85	95	90	88	86	87	82
Races other than white.....	11	11	15	5	10	12	14	13	18
Negro.....	10	10	14	4	9	11	13	12	17
<b>Residence</b>									
<i>Men</i>									
Total percent.....	100	100	100	100	100	100	100	100	100
Living in SMSA.....	59	57	66	69	55	62	60	70	59
Not living in SMSA.....	41	43	34	31	45	38	40	30	41
<i>Women</i>									
Total percent.....	100	100	100	100	100	100	100	100	100
Living in SMSA.....	67	66	71	78	65	68	72	74	65
Not living in SMSA.....	33	34	29	22	35	32	28	26	35
<b>Educational attainment</b>									
<i>Men</i>									
Total percent.....	100	100	100	100	100	100	100	100	100
Elementary school, 1-8 years.....	56	56	58	44	55	56	58	57	60
High school:									
1-3 years.....	16	17	12	16	19	15	15	14	9
4 years.....	12	13	9	14	13	13	12	11	7
College:									
1-3 years.....	8	7	9	10	7	8	7	9	9
4 years or more.....	5	5	8	12	4	5	5	8	11
Not specified.....	2	2	3	3	2	2	3	2	3
<i>Women</i>									
Total percent.....	100	100	100	100	100	100	100	100	100
Elementary school, 1-8 years.....	42	42	44	25	42	42	40	44	45
High school:									
1-3 years.....	20	21	17	19	22	18	20	18	15
4 years.....	19	19	18	25	19	18	18	19	17
College:									
1-3 years.....	10	10	9	15	9	10	9	9	10
4 years or more.....	6	6	6	12	5	8	10	6	8
Not specified.....	3	3	4	5	3	2	2	4	5

ent with respect to marital status and educational attainment.

A large majority of the men claiming benefits payable at award are married. About 4 out of every 5 men entitled at age 65 or younger, regardless of benefit-payment status at award, were married at the time of the survey. The nonmarried men are about equally divided among the divorced or separated, the widowed, and the never-married. A somewhat smaller proportion—2 out of 3—among men entitled at age 66 or older reported that they were married, partly because of the greater preponderance of widowed men in that group. Those postponing cash benefits are most often married.

Interestingly, women workers taking reduced benefits are about twice as likely to be married as women claiming benefits at age 65 or later. This difference suggests that married women, with the income provided by their husbands, can more easily “afford” to take reduced benefits or may wish to stop working at the same time as their typically older husbands. In addition, some of these married women, as well as the large group of widows among women taking full benefits, may get additional benefits under the dual-entitlement provisions. Further Survey tabulations are planned to provide information on this point.

Men of races other than white comprise about 10 percent of all men entitled to benefits payable at age 65 or younger. About 22 percent of the men who became entitled at age 66 or later are not white. Only 6 percent of those whose benefits were postponed at award because of employment are not white, however.

About 7 out of every 10 men entitled to benefits at age 65 are residing in standard metropolitan statistical areas (SMSA's).<sup>3</sup> Men entitled to reduced benefits, especially those aged 62 at entitlement, are less concentrated in the SMSA's—only 6 out of 10.

A majority of men claiming benefits payable at award (6 in every 10) never entered high school. The proportions vary only slightly according to age at entitlement. On the other hand, a majority (54 percent) of those with benefits

<sup>3</sup> The Bureau of the Census defines a standard metropolitan statistical area (SMSA) as a county or group of counties that contains at least one city of 50,000 inhabitants or more or twin cities with a combined population of at least 50,000.

postponed at award—many of them still working—had at least some high school education, and about 22 percent had attended college. Presumably the better-educated older man has less difficulty keeping or finding a job.

## Retirement and Employment

To a large extent those who elect benefits payable at award are, in fact, retired. About 90 percent of the men in this group consider themselves at least partly if not fully retired, whether or not they would have been considered as retired by an objective criterion such as employment. The following table shows the retirement status reported by men with benefits payable at award.

Retirement status <sup>1</sup>	Benefits payable at award					
	Total		Reduced		Not reduced	
	Em- ployed	Not em- ployed	Em- ployed	Not em- ployed	Em- ployed	Not em- ployed
Number (in thousands).....	78	118	66	96	12	21
Total percent.....	100	100	100	100	100	100
Retired.....	14	87	13	85	21	93
Partly retired.....	66	11	67	12	57	6
Not retired.....	19	2	19	2	20	1
Not reported.....	1	1	1	1	2	1

<sup>1</sup> As reported by the individual.

Virtually all the nonemployed men with payable awards consider themselves either retired or partly retired. About two-thirds of the employed men with early retirement reported themselves as partly retired, but their attachment to the labor force may have been marginal. About 1 in 5 of the men who were employed did not consider themselves retired at all. These men perhaps regard social security benefits as supplemental to low earnings rather than vice versa.

For persons who choose early entitlement and for those with postponed benefits, the proportions who work are completely different (table 3). About 2 out of 5 men with early entitlement are still working, but 4 out of 5 men with benefits postponed are employed. That such a sizable proportion of the men with reduced benefits are employed some months after receiving their initial benefit indicates that, for many new beneficiaries who choose reduced benefits, earnings—even as

limited by the earnings test—are a frequent supplement to their OASDHI payments.

Marital status appears to have little influence on the proportion of men beneficiaries who con-

tinue to work. Nonmarried women are about as likely to work as men, but among married women employment occurs less frequently. Among persons of both sexes entitled to currently payable

TABLE 3.—Employment status by selected demographic characteristics: Percentage distribution of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards

Marital status, race, residence, employment status, and sex	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post-poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<b>Men</b>									
<b>Total</b>									
Number (in thousands).....	196	162	34	129	99	32	31	22	12
Total percent.....	100	100	100	100	100	100	100	100	100
Employed.....	40	40	36	78	39	42	43	32	44
Not employed.....	60	60	64	22	61	58	57	68	56
<b>Women</b>									
Number (in thousands).....	175	148	28	40	113	18	16	18	10
Total percent.....	100	100	100	100	100	100	100	100	100
Employed.....	34	33	37	79	30	37	49	38	36
Not employed.....	67	67	63	21	70	63	51	62	64
<b>Marital status</b>									
<b>Men</b>									
Married, number (in thousands).....	152	126	26	112	75	25	26	18	8
Total percent.....	100	100	100	100	100	100	100	100	100
Employed.....	40	41	36	78	41	42	42	32	49
Not employed.....	60	59	64	22	59	58	58	68	51
Nonmarried, number (in thousands).....	44	36	8	17	24	7	5	4	4
Total percent.....	100	100	100	100	100	100	100	100	100
Employed.....	38	38	36	77	36	40	47	34	38
Not employed.....	62	62	64	23	64	60	53	66	62
<b>Women</b>									
Married, number (in thousands).....	108	100	8	13	82	10	8	5	3
Total percent.....	100	100	100	100	100	100	100	100	100
Employed.....	29	28	32	75	26	34	45	29	37
Not employed.....	71	72	68	25	74	66	55	71	63
Nonmarried, number (in thousands).....	67	48	20	28	31	9	9	12	7
Total percent.....	100	100	100	100	100	100	100	100	100
Employed.....	41	42	39	81	40	39	53	41	35
Not employed.....	59	58	61	19	60	61	47	59	65
<b>Race</b>									
<b>Men</b>									
White, number (in thousands).....	175	146	29	121	90	29	28	20	9
Total percent.....	100	100	100	100	100	100	100	100	100
Employed.....	39	40	35	78	38	41	42	32	42
Not employed.....	61	60	65	22	62	59	58	68	58
Negro, number (in thousands).....	19	15	4	6	9	3	2	2	2
Total percent.....	100	100	100	100	100	100	100	100	100
Employed.....	46	48	40	72	48	45	49	40	38
Not employed.....	54	52	60	28	52	55	51	60	62
<b>Women</b>									
White, number (in thousands).....	156	132	24	38	102	16	14	15	8
Total percent.....	100	100	100	100	100	100	100	100	100
Employed.....	32	31	36	78	28	35	48	36	36
Not employed.....	68	69	64	22	72	65	52	64	64
Negro, number (in thousands).....	18	14	4	2	10	2	2	2	2
Total percent.....	100	100	100	100	100	100	100	100	100
Employed.....	47	49	38	79	48	49	59	44	29
Not employed.....	53	51	62	21	52	51	41	56	71

TABLE 3.—Employment status by selected demographic characteristics: Percentage distribution of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards—*Continued*

Marital status, race, residence, employment status, and sex	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post-poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<b>Residence</b>									
<i>Men</i>									
Living in SMSA, number (in thousands).....	115	93	22	89	54	20	18	15	7
Total percent.....	100	100	100	100	100	100	100	100	100
Employed.....	33	33	32	76	32	31	38	28	42
Not employed.....	67	67	68	24	68	69	62	72	58
Not living in SMSA, number (in thousands).....	81	70	11	40	45	12	12	7	5
Total percent.....	100	100	100	100	100	100	100	100	100
Employed.....	50	51	44	82	49	59	50	42	46
Not employed.....	50	49	56	18	51	41	50	58	54
<i>Women</i>									
Living in SMSA, number (in thousands).....	118	98	20	31	74	13	12	13	6
Total percent.....	100	100	100	100	100	100	100	100	100
Employed.....	30	29	36	77	26	34	46	36	35
Not employed.....	70	71	64	23	74	66	54	64	65
Not living in SMSA, number (in thousands).....	58	50	8	9	39	6	4	5	4
Total percent.....	100	100	100	100	100	100	100	100	100
Employed.....	40	40	40	85	38	43	56	41	38
Not employed.....	60	60	60	15	62	57	44	59	62

benefits at age 65 or younger, the Negro is employed somewhat more frequently than the white. Among those with benefits postponed at award, however, employment is more common for white men, but about the same proportions of women of both races are employed.

Employment of beneficiaries residing in SMSA's is somewhat less frequent than employment among those residing outside SMSA's. About 1 in 3 men entitled before age 65 to benefits payable at award and living in an SMSA is employed; among the men not living in an SMSA, 1 in 2 is employed. This difference may reflect the fact that farm workers find it easier to continue working and stay within the limits of the retirement test. For other categories of entitled men and all categories of entitled women, the higher rate of employment outside SMSA's is discernible but is not so pronounced.

In all entitlement groups among married men, the wife is likely to be employed when the respondent himself is employed (table 4). About 1 in 3 wives of working men is also employed; only 1 in 5 wives of nonworking men has a job. As might be expected, the husbands of women retired workers are employed more frequently than wives of men retired workers: more than half the husbands are employed when the woman

works and less than one-half when she does not.

Two-thirds of the nonemployed men entitled at age 62 to currently payable benefits stopped working before they were entitled (table 5). Nearly half of them had not worked for a year or more before entitlement. These levels are much higher than the levels for those entitled at ages 63, 64, and 65.<sup>4</sup> Much of the difference lies in the simple fact that substantial retroactive entitlement is not open to persons filing at age 62. Persons aged 63–65 at entitlement can compensate for as many as 12 of the months before they filed by claiming retroactive benefits. Sixteen percent of nonemployed men aged 62 had not been employed for 3 years or more—a level more than twice as great as among those entitled at ages 63, 64, and 65. It is evident that a major component of the group of men workers entitled at age 62 are long-term nonemployed.

#### Job Characteristics of the Employed

The type of work a person was doing is certainly likely to influence his decision on whether

<sup>4</sup> See also Lenore E. Bixby and E. Eleanor Rings, "Work Experience of Men Claiming Retirement Benefits, 1966," *Social Security Bulletin*, August 1969.

TABLE 4.—Employment status of married persons by employment status of spouse: Percentage distribution of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards

Employment status of married persons and their spouse by sex	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post-poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<i>Married men</i>									
Employed, number (in thousands).....	61	52	9	87	31	11	11	6	4
Total percent.....	100	100	100	100	100	100	100	100	100
Wife employed.....	35	36	30	34	38	33	34	26	35
Wife not employed.....	58	58	61	62	55	65	59	63	59
Nonresponse on wife's employment.....	7	6	9	4	7	2	8	11	6
Not employed, number (in thousands).....	91	74	16	25	45	15	15	12	4
Total percent.....	100	100	100	100	100	100	100	100	100
Wife employed.....	23	24	15	21	27	24	17	16	15
Wife not employed.....	73	72	81	74	70	71	78	81	80
Nonresponse on wife's employment.....	4	4	4	4	4	4	4	4	4
<i>Married women</i>									
Employed, number (in thousands).....	31	28	3	10	22	3	4	2	1
Total percent.....	100	100	100	100	100	100	100	100	(1)
Husband employed.....	54	55	45	55	55	51	58	54	(1)
Husband not employed.....	39	39	45	42	39	42	32	32	(1)
Nonresponse on husband's employment.....	7	7	10	3	6	7	9	14	(1)
Not employed, number (in thousands).....	77	72	6	3	61	6	4	4	2
Total percent.....	100	100	100	100	100	100	100	100	100
Husband employed.....	47	47	42	41	47	50	45	42	42
Husband not employed.....	48	48	51	54	48	46	49	50	54
Nonresponse on husband's employment.....	5	5	7	6	5	4	6	8	5

<sup>1</sup> Not computed because base less than 1,500.

or not he works after he is awarded retired-worker benefits. Among the factors to be taken into consideration are the physical vigor required by the job, the ability of the worker to control the amount of time he can spend working and yet accommodate failing health, and any private or public pension requirements.

A very high proportion of employed men who are awarded currently payable benefits work for themselves. About 37 percent of employed men entitled before age 65 and 29 percent of those entitled at age 65 or older were self-employed (tables A and B). Even among employed men whose benefits were postponed, 24 percent were self-employed. Since self-employed persons do not face mandatory retirement and have greater control over the hours and conditions of their work than wage and salary workers, they can more easily continue to work and, if they wish, work at reduced earnings to meet the program's earnings test.

Over half of the employed men entitled at age 65 or earlier to benefits payable at award are working at the job in which they have spent the most years. An additional fourth have held

their current job 5 years or more, though it is not their longest-held job (table 6). Thus, there is a high degree of continuity of employment before and after the award of retired-worker benefits—both for those taking reduced benefits and for those with full benefits.

The nonemployed men with reduced benefits also evidence a high degree of job stability. For about two-thirds of these men the last job was their longest. Among the nonemployed men with full benefits, three-fourths were in their longest job when they stopped working. Men aged 62 at entitlement who are not employed have changed jobs more frequently before entitlement than men aged 63 and 64: 35 percent of those entitled at age 62 reported their last job was not their longest.

These findings may have implications for the theory of "transition to retirement." Most employed men claim benefits either while continuing to work in their career job or, if not employed, directly after leaving their longest job. At the present time the SNEB data are insufficient to indicate how much the employed beneficiaries work or to what extent they may have cut down



TABLE 5.—Interval between entitlement and last employment for persons not employed: Percentage distribution of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards

Interval between entitlement and last employment and sex	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post-poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<i>Men</i>									
Not employed, number (in thousands).....	118	96	22	29	60	19	18	15	6
Total percent who stopped working.....	100	100	100	100	100	100	100	100	100
After entitlement.....	24	22	35	49	16	27	36	31	44
In month of entitlement.....	15	12	29	36	10	19	14	30	4
Before entitlement.....	54	59	30	11	68	49	43	24	42
Less than 12 months.....	28	32	11	8	31	35	34	12	6
1-5 months.....	23	26	8	7	24	32	30	10	3
6-11 months.....	5	6	3	1	7	3	3	2	3
12 months or more.....	22	23	16	3	31	10	8	10	28
12-35 months.....	9	11	4	1	15	3	3	3	8
3 years or more.....	12	12	12	2	16	7	5	8	21
Not reported.....	4	4	3	(1)	5	3	2	2	8
Date not reported.....	7	7	7	4	7	5	7	5	10
<i>Women</i>									
Not employed, number (in thousands).....	117	99	18	9	79	12	8	11	6
Total percent who stopped working.....	100	100	100	100	100	100	100	100	100
After entitlement.....	19	16	32	48	11	33	43	25	45
In month of entitlement.....	6	5	11	37	4	9	11	16	1
Before entitlement.....	66	70	46	10	76	53	56	52	36
Less than 12 months.....	16	17	10	7	17	20	20	15	2
1-5 months.....	12	13	7	6	12	16	18	10	2
6-11 months.....	4	4	3	1	5	4	2	5	(1)
12 months or more.....	41	44	28	2	50	26	9	29	25
12-35 months.....	10	11	9	(1)	13	4	2	11	5
3 years or more.....	31	33	19	2	37	22	8	18	20
Not reported.....	9	9	8	1	10	6	7	7	9
Date not reported.....	9	9	11	5	9	5	10	7	17

<sup>1</sup> Less than 0.5 percent.

their hours and earnings within the same job situation. Some of the nonemployed might have lessened their employment activity immediately preceding entitlement. Since many men would probably choose to reduce their earnings in order to meet the retirement test, it may be that beneficiaries with continuing jobs are really in a state of "transition" from full employment to retire-

ment with partial employment. The nonemployed men whose last job before entitlement probably was not their career job may have already experienced the transition to retirement.

The retired-worker beneficiaries who continue their employment do not do so at the same rate for all occupations and industries. The preceding tabulation shows, for all men awarded payable benefits in the last half of 1968, the proportion employed by the occupation and industry of their current job, if they are still employed, or their last job if they are no longer employed.

As the data show, 7 out of 10 men classified as self-employed continue to work. Among wage and salary workers, considerably more variation occurs by industry than by occupation—an indication that the existence of private pension plans and the prevalence of seasonal or part-time work are important factors. In manufacturing, for example, where pension plans are relatively common, only 14 percent of the beneficiaries remain employed. And among workers in mining, transportation and communication, and public administration, where such plans are also fairly

Occupation, industry, and class of worker	Total number (in thousands)	Percent employed
Total.....	196	40
Self-employed workers.....	41	68
Wage and salary workers.....	155	32
Occupation:		
Professional, technical, managerial, etc., workers.....	20	31
Clerical and sales workers.....	17	33
Craftsmen and operatives.....	66	22
Service and household workers.....	21	45
Laborers and foremen.....	24	44
Not reported.....	7	52
Industry:		
Forestry, fisheries, and agriculture.....	9	66
Mining.....	19	30
Manufacturing.....	45	14
Transportation, communication, real estate, insurance, etc.....	21	24
Wholesale and retail trade.....	19	44
Other services including household.....	23	49
Public administration.....	9	25
Not reported.....	10	49

TABLE 6.—Job pattern by employment status: Percentage distribution of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards

Employment status, job pattern, and sex	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post-poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<i>Men</i>									
Employed, number (in thousands).....	78	76	12	100	39	13	13	7	5
Total percent.....	100	100	100	100	100	100	100	100	100
Current job is longest job.....	55	55	52	67	52	56	62	54	49
Current job is not longest job.....	45	45	48	32	48	44	38	46	51
Current job held 5 years or more.....	26	26	24	22	26	26	24	24	24
Current job held less than 5 years.....	20	19	24	10	21	18	13	22	27
Not employed, number (in thousands).....	118	96	22	29	60	19	18	15	6
Total percent.....	100	100	100	100	100	100	100	100	100
Last job held was longest job.....	69	68	74	82	65	74	74	79	62
Last job held was not longest job.....	31	32	26	18	35	26	26	21	38
<i>Women</i>									
Employed, number (in thousands).....	59	48	10	32	34	7	8	7	4
Total percent.....	100	100	100	100	100	100	100	100	100
Current job is longest job.....	60	60	61	76	57	65	67	61	61
Current job is not longest job.....	40	40	39	24	43	35	33	39	39
Current job held 5 years or more.....	19	19	19	16	19	15	19	23	11
Current job held less than 5 years.....	21	22	20	7	23	20	15	17	28
Not employed, number (in thousands).....	117	99	17	99	79	12	8	11	6
Total percent.....	100	100	100	100	100	100	100	100	100
Last job held was longest job.....	68	67	73	90	66	68	77	74	70
Last job held was not longest job.....	32	33	27	10	34	32	23	26	30

frequent, the proportion continuing to work is only 30 percent or less. Higher rates of continuing employment are shown for most service industries and for wholesale and retail trade, some of which are very seasonal or part-time and relatively few of which provide pension plans for their workers. Almost two-thirds of the workers in forestry, fisheries, and agriculture continue to be employed.

### Income Measurement Problems

Data on income based on SNEB differ in some respects from those based on other surveys undertaken by the Social Security Administration. The 1963 and 1968 Surveys of the Aged and the 1966 Survey of Disabled Adults present data on income received during a specified calendar year. Income reports for SNEB, however, were obtained for varying reference periods, with the amounts reported to be converted to "annual rates." This approach was used largely because information on the sources and size of income currently and immediately in prospect seemed likely to have had a greater bearing on a worker's decision on when to claim benefits than income

in the last calendar year or even income during the 12 months before the Survey. A second reason is that SNEB is a mail survey, and pretest and other experience indicated that reports on unearned income would be more accurate if questions were in terms of the current month for some types of income and in terms of the usual amount per year for others.

Thus, income from public and private retirement plans, workmen's compensation, public assistance, and unemployment insurance programs is reported as monthly amounts, separately for the retired worker and his spouse, and the annual rates are obtained by multiplying the monthly figures by 12. For reasonably permanent types of income—pensions, for example—such an approach probably yields levels close to actual annual amounts. For other types of income, such as unemployment compensation, this approach may result in amounts higher than those actually received by the recipients. Income from interest, dividends, rents, and annuities, on the other hand, is reported as annual amounts for the retired worker and his spouse combined, on the assumption that such income is often joint.

For earnings, an annual amount is reported

for the spouse. If the retired worker is employed, current earnings are reported by the hour, week, month, or year, at the option of the respondent. When the earnings are reported by the hour or week, the annual rate is obtained by applying the reported hours of work per week and/or number of weeks worked per year, as appropriate. Monthly earnings are multiplied by 12. To the extent that earnings may change suddenly and drastically, the annual rates of earnings from SNEB may in some cases greatly overstate or understate the "true rate" of earnings from employment soon after award of benefits.

A third reason for the SNEB approach to the measurement of income is that the questionnaire is completed by the sample respondents at varying points in time. Two factors bring this about: (1) SNEB is a continuing survey, with a sample drawn each month, and (2) there is a varying amount of lag-time between receiving the benefit award and actually filling out the questionnaire, or, for nonrespondents to the three mailings, the time when the personal interview takes place.

The Survey of Newly Entitled Beneficiaries appears to represent reasonably well the frequency with which retired workers receive income from various sources. However, for the period

presently under study (the last 6 months of 1968) and for the first 6 months of 1969, the data on total money income, and even on total retirement income, are not considered reliable because of high nonresponse rates on some components. The Technical Note includes a discussion of non-response to questions on receipt and amount of various types of income. Beginning with the July 1969 awards, an intensive quality check of the income questions was instituted. The additional screening and call-back procedures have improved the response on income questions. For the period beginning July 1969, therefore, the reporting on total money income is significantly better.

### Income Sources

The same basic patterns of income receipt emerge for men who claim benefits before age 65 as for those who take full benefits payable at award, though there are differences of degree. Retirement benefits, usually at least social security benefits, are received by practically all men whose benefits were payable at award (table 7). That a few such men do not report receiving income from social security benefits indicates that

TABLE 7.—Sources of income: Percent receiving of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards

Source of income and sex	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post-poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<i>Men</i>									
Earnings.....	40	40	36	78	39	42	43	32	44
Public pensions.....	95	95	96	35	95	95	95	96	95
Social security.....	95	95	95	32	95	95	95	94	97
Public pensions other than social security.....	12	9	23	5	9	9	11	15	37
Private pensions.....	25	24	31	18	22	24	30	41	11
Interest, dividends, rent and annuities.....	50	49	52	61	47	52	54	55	46
Veterans' pension or compensation.....	4	4	6	1	5	3	2	2	12
Workmen's compensation.....	2	2	1	2	2	2	1	1	2
Unemployment insurance.....	3	3	4	3	2	4	4	6	(1)
Public assistance.....	2	2	1	(1)	2	1	1	1	2
Contributions from relatives.....	1	1	1	(1)	1	1	(1)	(1)	1
<i>Women</i>									
Earnings.....	34	33	37	79	30	37	40	38	36
Public pensions.....	95	95	97	35	94	96	93	96	98
Social security.....	95	94	97	33	94	96	93	96	98
Public pensions other than social security.....	8	8	12	6	7	10	9	10	15
Private pensions.....	9	8	13	16	7	12	14	18	3
Interest, dividends, rent and annuities.....	52	51	53	65	50	54	55	56	46
Veterans' pension or compensation.....	2	1	5	(1)	1	3	1	5	5
Workmen's compensation.....	(1)	1	(1)	(1)	1	(1)	(1)	(1)	(1)
Unemployment insurance.....	2	2	2	4	2	1	2	2	1
Public assistance.....	2	2	3	(1)	2	2	2	1	7
Contributions from relatives.....	2	2	1	1	2	3	1	(1)	2

<sup>1</sup> Less than 0.5 percent.

their benefits were later suspended, presumably because they had returned to work at earnings above the retirement-test limit. The fact that 1 in 3 persons who postponed their benefits at award reported income from social security benefits probably indicates that, by the time of the survey, they had stopped working and had requested payment of their benefits.

Social security record data on postentitlement adjustments are currently being accumulated for some of the SNEB monthly samples. Information on the extent of the movement in and out of payment status during the years following the initial award will thus be provided.

Social security income is frequently supplemented either by earnings or by private or public pensions. Among the men with reduced benefits payable at award who are not employed and, consequently, have no earnings to supplement social security payments, half report receiving income from private pension plans or from other public retirement programs. The proportion with such income rises with age at entitlement from 41 percent for men aged 62 to 62 percent for those entitled at age 65.

Among those with benefits payable at award, men with reduced benefits are somewhat more likely to have earnings than men with full benefits, who are much more likely to have other pension income, as the following tabulation shows:

Type of income	Age at entitlement			
	62	63	64	65
Number of men (thousands).....	99	32	31	22
Total percent.....	100	100	100	100
With earnings and/or pensions.....	64	68	73	74
With earnings only.....	34	37	36	22
With both earnings and pensions.....	5	5	6	10
With pensions only.....	25	26	31	42
With neither earnings nor pensions.....	36	32	27	26

But the fact remains that more than one-third of the men entitled at age 62 to payable benefits have neither earnings nor other pension income to supplement their social security benefits. This finding reflects the fact that many men who claim benefits at age 62 are unable to work.<sup>5</sup>

<sup>5</sup> Lawrence D. Haber, "The Effect of Age and Disability on Access to Public Income Maintenance Programs," *Social Security Survey of the Disabled 1966*, Report No. 3, Office of Research and Statistics, Social Security Administration, 1968.

In addition, if they had ever been covered by a pension plan they have lost their rights or must wait until age 65 to receive a supplemental pension—or they may never qualify if the plan requires coverage at time of retirement as a condition for receipt of the pension.

What, then, are the other sources of income available to men who elect to receive reduced benefits? Most frequently reported is income from interest, dividends, rent, and annuities. Available data indicate, however, that this source adds far less to the total income of those who receive it than earnings or pensions. Less than 5 percent of the men with reduced payable benefits report income from each of the following sources: Veterans' pensions or compensation, workmen's compensation, unemployment insurance, public assistance, or contributions from relatives outside the household.

At all ages of entitlement, married men have more different sources of income than nonmarried men, but they report earnings with about equal frequency (table 8). The main differences occur in receipt of pensions other than social security benefits and in income from assets. As one would expect, when married men and their wives are considered as a unit, the proportion receiving pensions—either private or public—is not much different from that among married men only, mainly because it is typically the husband who is eligible for such income. The proportion reporting earnings is sharply higher for married men and their wives, however, than it is for married men only. This difference is particularly evident among the men with reduced benefits. Presumably the relatively young wives of men electing early retirement benefits are able to work and supplement the social security benefits of their husbands.

The difference between the proportions reporting earnings for married women and for married women and their husbands as a unit is even more dramatic than that among men, but this finding must be interpreted with caution. Since the SNEB sample covers only retired-worker awards, all these married women have received a benefit on the basis of their own wage records. Certainly many of them claimed their own benefit in advance of their husband's receipt of his social security benefits. The husband would then not be subject to the retirement test, as would be the

case if the couple were receiving benefits on the basis of his earnings record only.

### Income from Earnings

Only about 70 percent of the working men entitled to reduced benefits payable at award reported fully on their earnings, compared with 85 percent of the employed men with benefits postponed at award. The contrast between the two distributions of earnings is so marked, however, that it is suggestive and certain inferences can be drawn.

The earnings test as revised by the 1967 amend-

ments to the Social Security Act contained the following rules for withholding benefits because of the beneficiary's earnings from employment or self-employment: (1) benefits are not withheld for annual earnings of \$1,680 a year or less; (2) \$1 in benefits is withheld for every \$2 from \$1,681 to \$2,880 earned annually; (3) \$1 in benefits is withheld for every \$1 earned above \$2,880 per year; (4) regardless of earnings, benefits are paid for any month in which the beneficiary earns less than \$140 in wages or salary or renders substantial services as a self-employed person.

About 56 percent of the employed men with early entitlement report an annual earnings rate of \$1,680 or less a year and so would qualify to

TABLE 8.—Selected sources of income by marital status: Percent receiving of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards

Marital status, source of income, and sex	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post-poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<i>Nonmarried men</i>									
Earnings.....	38	38	36	77	36	40	47	34	38
Public pensions.....	96	96	96	37	96	94	96	96	96
Social security.....	95	95	95	35	95	93	96	94	96
Public pensions other than social security.....	8	6	18	5	5	7	6	12	24
Private pensions.....	17	17	17	17	15	18	24	25	8
Interest, dividends, rent and annuities.....	34	34	35	48	30	38	46	39	29
<i>Married men</i>									
Earnings.....	40	41	36	78	41	42	42	32	49
Public pensions.....	95	95	96	34	95	96	95	94	98
Social security.....	95	95	95	32	94	95	95	93	97
Public pensions other than social security.....	13	10	25	5	10	9	12	16	44
Private pensions.....	28	26	35	18	25	26	31	44	12
Interest, dividends, rent and annuities.....	54	53	58	62	52	56	55	59	55
<i>Married men and their wives</i>									
Earnings.....	55	57	47	83	58	58	53	43	56
Public pensions.....	96	96	96	44	96	97	96	95	98
Social security.....	96	96	95	42	95	97	96	94	98
Public pensions other than social security.....	15	12	27	7	12	11	14	19	49
Private pensions.....	31	29	39	21	27	29	35	48	14
Interest, dividends, rent and annuities.....	54	53	58	62	52	56	55	59	55
<i>Nonmarried women</i>									
Earnings.....	41	42	39	81	40	39	53	41	35
Public pensions.....	95	94	96	33	94	95	93	95	98
Social security.....	94	94	96	30	94	95	93	95	98
Public pensions other than social security.....	11	10	12	7	11	9	9	10	16
Private pensions.....	13	12	14	16	10	15	15	21	4
Interest, dividends, rent and annuities.....	48	46	52	65	45	52	45	54	48
<i>Married women</i>									
Earnings.....	29	28	32	75	26	34	45	29	37
Public pensions.....	95	95	98	40	95	97	94	98	99
Social security.....	95	94	98	39	94	96	94	97	99
Public pensions other than social security.....	7	6	12	6	6	10	10	11	13
Private pensions.....	7	7	9	15	6	9	12	12	3
Interest, dividends, rent and annuities.....	54	54	54	60	53	56	65	62	41
<i>Married women and their husbands</i>									
Earnings.....	64	65	64	86	63	69	72	63	66
Public pensions.....	98	97	100	75	97	99	98	99	100
Social security.....	97	97	99	73	97	98	98	99	99
Public pensions other than social security.....	16	15	21	12	14	19	17	19	24
Private pensions.....	20	20	21	25	19	23	22	28	9
Interest, dividends, rent and annuities.....	54	54	54	60	53	56	65	62	41

receive their regular benefit each month. (Even if it were assumed that all non-reporters were earning above \$1,680 a year, the proportion earning \$1,680 or less a year would still be about 40 percent.) In addition, 19 percent earned between \$1,680 and \$3,000 and so received somewhat smaller benefits than if they had earned \$1,680 or less. The following tabulation shows the proportions of workers by selected amounts of earnings, age at entitlement, and benefit status at award.

Benefit status at award and age at entitlement	Percent with \$1,680 or less		Percent with \$1,681-\$3,000	
	Men	Women	Men	Women
Benefits payable.....	54	61	19	19
Reduced benefits.....	56	60	19	20
Age 62.....	60	65	18	18
Age 63.....	56	59	20	19
Age 64.....	43	40	20	25
Benefits not reduced.....	44	64	20	18
Age 65.....	42	66	21	15
Age 66 and over.....	48	60	18	23
Benefits postponed.....	5	4	3	5

The distribution of earnings of men with early entitlement benefits who were employed is heavily concentrated at the lower end of the earnings scale, in comparison with the distribution of men with postponed benefits at award. Almost 8 out of 10 men entitled at age 62 to payable benefits earned less than \$3,000, and 3 out of 4 of them earned \$1,680 or less. When men with reduced benefits are compared with those with full payable benefits, no significant differences appear in the proportions with earnings between \$1,680 and \$3,000. About 1 in 5 men in each group loses some benefit because of earnings between these limits of the retirement test.

For women, who usually earn less than men, the earnings distribution is a little more concentrated at the lower end than it is for men. Among those with reduced payable benefits, 60 percent had an annual earnings rate of \$1,680 or less a year and 20 percent more earned from \$1,681 to \$3,000.

The high concentration for all beneficiaries with payable awards (reduced and full) at earnings of \$1,680 or less is further evidence that some recent awardees make a conscious effort to control the amount of their earnings to continue to receive all or part of their social security bene-

fits.<sup>6</sup> As noted earlier, those who are self-employed can more easily control the amount of their work. Many who work in highly seasonal occupations or industries may have actually earned as much as they could.

To the extent that earnings are controllable, workers could be expected to respond to an increase in the maximum amount of earnings allowed under the retirement test by earning higher amounts with which to supplement their social security benefits. On the other hand, the heavy concentration of beneficiaries with reduced payable awards at the low end of the earnings distribution may indicate that lifetime earnings have been low. By claiming early benefits, these workers are able to supplement low earnings with social security benefits.

### Social Security Benefit Income

The median annual rate of social security income among men is lowest for those entitled at age 62 (\$1,150 a year). Older men with reduced benefits had median annual rates \$300 to \$400 greater (table 9).<sup>7</sup> Some of the difference undoubtedly reflects the higher reduction factor in the monthly benefit amount at age 62, when maximum reduction occurs. Furthermore, about one-third of the men who were entitled at age 62 had stopped working 12 months or more before the month of their entitlement—a much higher proportion than that for any other group of men. Their average monthly earnings, on which the PIA is based, thus tend to be lower, and their monthly benefit amount is, of course, even lower because of the actuarial reduction.

If the PIA distribution for men taking reduced benefits at age 62 was the same as that for men aged 65, one would expect the median annual rate of social security income to be about 20 percent less than that for men aged 65 with

<sup>6</sup> See also Kenneth G. Sander, *The Effects of the 1966 Retirement Test Changes on the Earnings of Workers Aged 65-72*, Research and Statistics Note No. 1, Office of Research and Statistics, 1970, and Wayne Vroman, *The 1965 OASDHI Amendments and the Earnings of Older Workers*, Office of Research and Statistics Staff Paper (to be published).

<sup>7</sup> The annual rates of social security income discussed here do not reflect the 15-percent increase in benefits as of January 1, 1970.

TABLE 9.—Annual rate of social security income for recipients<sup>1</sup> by marital status: Percentage distribution of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards

Annual rate of income from social security, marital status, and sex	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post- poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<i>All men</i>									
Number (in thousands):									
Reporting receipt.....	183	151	32	40	93	30	28	20	11
Reporting amount.....	182	150	32	40	92	30	28	20	11
Total percent.....	100	100	100	100	100	100	100	100	100
Under \$750.....	18	17	23	3	20	11	10	12	44
750-999.....	16	17	11	4	21	13	9	8	15
1,000-1,249.....	13	14	8	6	15	13	11	8	9
1,250-1,499.....	21	24	7	9	30	17	12	5	10
1,500-1,749.....	16	16	12	18	7	36	28	15	7
1,750-1,999.....	10	6	30	53	2	2	23	42	10
2,000 and over.....	6	6	9	7	5	8	9	10	6
Median income from social security.....	\$1,290	\$1,280	\$1,520	\$1,800	\$1,150	\$1,440	\$1,580	\$1,760	\$850
<i>Married men and their wives</i>									
Number (in thousands):									
Reporting receipt.....	143	119	24	44	71	24	24	17	8
Reporting amount.....	128	106	21	38	63	22	22	15	6
Total percent.....	100	100	100	100	100	100	100	100	100
Under \$750.....	9	9	7	12	12	6	5	5	10
750-999.....	11	11	13	7	14	8	5	7	27
1,000-1,249.....	11	12	6	6	14	10	8	5	10
1,250-1,499.....	17	20	6	8	25	13	9	4	12
1,500-1,749.....	13	14	9	10	9	27	16	10	8
1,750-1,999.....	10	8	18	28	5	7	18	22	10
2,000 and over.....	29	26	40	29	21	30	39	47	23
Median income from social security.....	\$1,530	\$1,480	\$1,860	\$1,820	\$1,350	\$1,630	\$1,840	\$1,970	\$1,810
<i>All women</i>									
Number (in thousands):									
Reporting receipt.....	162	136	26	13	104	17	15	16	10
Reporting amount.....	161	135	26	13	103	17	15	16	10
Total percent.....	100	100	100	100	100	100	100	100	100
Under \$750.....	43	45	31	4	51	30	25	19	52
750-999.....	21	23	12	6	25	20	11	13	11
1,000-1,249.....	15	14	20	10	12	19	24	20	19
1,250-1,499.....	12	11	13	19	10	16	17	18	5
1,500-1,749.....	6	4	12	25	2	12	11	15	7
1,750-1,999.....	3	2	10	34	( <sup>2</sup> )	3	11	14	4
2,000 and over.....	( <sup>2</sup> )	( <sup>2</sup> )	1	3	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	2
Median income from social security.....	\$830	\$800	\$1,080	\$1,620	\$750	\$1,000	\$1,150	\$1,220	\$740
<i>Married women and their husbands</i>									
Number (in thousands):									
Reporting receipt.....	104	96	8	9	80	10	8	6	3
Reporting amount.....	92	85	7	8	70	9	6	4	3
Total percent.....	100	100	100	100	100	100	100	100	100
Under \$750.....	21	22	19	3	23	19	16	16	25
750-999.....	11	12	3	6	12	8	8	3	3
1,000-1,249.....	12	12	13	9	12	10	13	9	18
1,250-1,499.....	8	8	10	18	8	9	7	9	12
1,500-1,749.....	7	7	8	16	6	11	7	8	9
1,750-1,999.....	7	7	11	14	7	6	8	14	6
2,000 and over.....	33	33	36	34	32	36	42	42	26
Median income from social security.....	\$1,410	\$1,390	\$1,640	\$1,710	\$1,340	\$1,580	\$1,750	\$1,860	\$1,810

<sup>1</sup> Annual rates of income from Social Security benefits for July–December 1968 awardees shown here do not reflect the 15 percent increase in benefits

effective as of January 1, 1970.  
<sup>2</sup> Less than 0.5 percent.

full payable benefits. In fact, it is almost 35 percent less.

Men entitled at age 66 had the lowest annual social security benefits—a reflection, largely, of the fact that almost half were entitled to benefits at the minimum—\$55 a month. Many men in this group apparently were not previously eligible

for social security benefits and needed employment after age 65 to qualify. A large proportion of these men were receiving other public retirement payments (tables 7 and 8). For a few, the social security payment was only \$40 per month, under the provisions for transitionally insured status.

When the combined benefits of married re-

spondents and their spouses are considered, the proportions receiving social security income at an annual rate of \$2,000 is significantly larger at all ages of entitlement. But the positive relationship between age at entitlement (through age 65) and the amount of social security income persists.

Among married men respondents with benefits payable at award, the proportion with wives who also received social security benefits increases directly with his age at entitlement (table 10). Age itself is undoubtedly an important factor in this pattern because a woman must be at least aged 62 in order to receive benefits either as a wife or as a retired worker. Since wives are usually younger than their husbands, the younger the husband at entitlement, the more likely it is that his wife will be under age 62 and therefore ineligible for such benefits. And the men entitled at younger ages are more likely to have working wives.

Among married women respondents whose retirement benefits were payable at award, conversely, there is no sharp difference related to the wife's age at entitlement in the proportion whose husbands receive benefits or the proportion whose husbands have earnings from employment.

### **Income from Other Public Pension Plans**

Public retirement programs other than the social security program include those providing Federal, State, and local government employee pensions, military personnel pensions, and railroad retirement benefits. These programs vary in their relationship to the social security system. The Federal Government's civilian retirement program is completely independent of the social security system. Many, but not all, of the State and local government pension plans are coordinated with the social security system, depending on the existence of an agreement between the State or local government and the Federal Government.

Since 1957, service in the Armed Forces is covered under the social security program, in addition to coverage for military pensions. Coordination of the railroad retirement and social security programs has been in effect since 1951 (with some coordination of survivor benefits since 1946).

About 9 percent of the men entitled to benefits before they reached age 65 report receiving income from public retirement programs other than social security, most often from State and local governments. Among men entitled at age 65 to benefits payable at award, 15 percent reported receipt of such pensions, with railroad pensions and retirement benefits the most common. Thirty-seven percent of the men who became entitled at age 66 or older reported receipt of income from other public retirement programs.

The incidence of receipt of retirement income from other public programs among men aged 65 and over at entitlement is much higher than among those who were entitled to reduced benefits before age 65. A greater proportion of the older men receive railroad retirement pensions and, to a lesser extent, Federal Government employee pensions.<sup>8</sup> Many of these men probably spent much of their working career in employment for the Federal Government or the railroads. As a consequence, they were eligible for Federal civil-service or railroad retirement benefits but not for social security benefits. Subsequent work in covered employment allowed them to accumulate enough quarters of coverage to become entitled to retired-worker benefits under the social security program. Some may have retired young enough from the Federal Government service or railroad employment to have acquired insured status under the social security program by the time they reached age 65. More of them, however, were past that age when they became eligible for social security benefits.

### **Income from Private Pension Plans**

In recent years, the coverage of private pension plans has increased rapidly.<sup>9</sup> It is common but by no means universal for these plans to require as conditions of payment that workers be aged 65 or not employed. Men claiming reduced benefits are thus less likely than those who claim full benefits to supplement their social

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<sup>8</sup> Elizabeth M. Heidbreder, "Federal Civil-Service Annuitants and Social Security," *Social Security Bulletin*, July 1969.

<sup>9</sup> Walter W. Kolodrubetz, "Employee-Benefit Plans in 1968," *Social Security Bulletin*, April 1970.



TABLE 10.—Receipt of social security income by married couples: Percentage distribution of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards

Marital status and receipt of social security	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post-poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<i>Married men and their wives</i>									
Reporting social security income, number (in thousands).....	143	119	24	44	71	24	24	17	8
Total percent.....	100	100	100	100	100	100	100	100	100
Only husband received.....	54	57	41	49	61	53	49	46	30
Only wife received.....	1	1	1	21	1	1	1	1	1
Both received.....	45	42	58	30	39	44	50	54	69
<i>Married women and their husbands</i>									
Reporting social security income, number (in thousands).....	104	96	8	9	80	10	8	6	3
Total percent.....	100	100	100	100	100	100	100	100	100
Only wife received.....	46	45	49	23	45	47	47	48	51
Only husband received.....	3	3	2	45	3	2	4	3	( <sup>1</sup> )
Both received.....	52	52	49	32	52	51	49	49	49

<sup>1</sup> Less than 0.5 percent.

security payments with private pension income.

About 1 in 4 men entitled before age 65 reported private pension income (table 7). Many of these men, because of retroactive entitlement and the lag between the filing time and the time they received the SNEB questionnaire, may indeed have reached age 65 by the time they responded. On the other hand, some of the men entitled to retired-worker benefits before age 65 may not have been receiving benefits from a private pension plan at the time they responded to the survey questionnaire but might later receive such income.

About 1 man in 5 among those who had bene-

fits postponed reported receiving private pension income, although this group was composed largely of employed men. Among the small group of men entitled at age 65 to benefits payable at award, about 40 percent reported private pension income. The proportion receiving private pensions rises consistently with age at entitlement.

Eligibility for private pension benefits usually requires working in employment covered by the pension plan for a substantial number of years. Since married women often have their work careers interrupted by child-bearing, child-rearing, and other domestic considerations, they are less likely than men to have held a single job long

TABLE 11.—Receipt of private pension income by married couples: Percentage distribution of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards

Receipt of private pension income	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post-poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<i>Married men and their wives</i>									
Reporting private pension income, number (in thousands)...	43	34	9	21	19	7	8	8	1
Total percent.....	100	100	100	100	100	100	100	100	( <sup>1</sup> )
Only husband received.....	80	80	80	80	81	82	76	82	( <sup>1</sup> )
Only wife received.....	4	4	4	6	3	4	3	3	( <sup>1</sup> )
Both received.....	16	16	15	14	16	14	21	15	( <sup>1</sup> )
<i>Married women and their husbands</i>									
Reporting private pension income, number (in thousands)...	20	18	2	3	15	2	2	1	( <sup>1</sup> )
Total percent.....	100	100	100	100	100	100	100	( <sup>1</sup> )	( <sup>1</sup> )
Only wife received.....	27	25	39	41	23	31	46	( <sup>1</sup> )	( <sup>1</sup> )
Only husband received.....	62	63	52	36	66	56	41	( <sup>1</sup> )	( <sup>1</sup> )
Both received.....	12	12	9	22	11	13	13	( <sup>1</sup> )	( <sup>1</sup> )

<sup>1</sup> Not computed because base less than 1,500.

enough to acquire pension rights. Not surprisingly, the proportion of married women reporting private pension income is considerably lower than among men (table 8). A somewhat higher proportion of nonmarried women than married women report private pension income though this

group probably consists, to a large extent, of widows and divorced women who might have had work histories similar to those of women still married.

To measure properly the population who can count on private pension income to supplement

TABLE 12.—Annual rate of private pension income for recipients by marital status: Percentage distribution of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards

Annual rate of income from private pensions, marital status, and sex	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post- poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<i>All men</i>									
Number (in thousands):									
Reporting receipt.....	49	38	10	23	22	8	9	9	1
Reporting amount.....	47	37	10	21	21	7	8	9	1
Total percent.....	100	100	100	100	100	100	100	100	(1)
Under \$500.....	6	6	8	11	6	5	6	8	(1)
500-999.....	15	14	18	21	13	14	18	18	(1)
1,000-1,499.....	21	21	19	16	20	18	25	20	(1)
1,500-1,999.....	12	12	14	14	11	15	12	14	(1)
2,000-2,499.....	9	10	9	12	8	13	9	8	(1)
2,500-2,999.....	7	8	6	7	7	13	8	6	(1)
3,000-3,499.....	7	7	6	7	5	7	7	6	(1)
3,500 and over.....	22	22	20	15	28	17	14	21	(1)
Median income from private pensions.....	\$1,830	\$1,870	\$1,680	\$1,580	\$2,000	\$1,980	\$1,520	\$1,670	(1)
<i>Married men and their wives</i>									
Number (in thousands):									
Reporting receipt.....	43	34	9	21	19	7	8	8	1
Reporting amount.....	37	29	8	19	16	6	7	7	1
Total percent.....	100	100	100	100	100	100	100	100	(1)
Under \$500.....	6	6	6	9	5	7	7	6	(1)
500-999.....	13	12	19	19	12	12	12	18	(1)
1,000-1,499.....	17	18	14	16	16	19	24	15	(1)
1,500-1,999.....	12	13	9	14	12	14	16	9	(1)
2,000-2,499.....	9	9	10	11	8	10	9	8	(1)
2,500-2,999.....	8	8	7	7	7	11	7	7	(1)
3,000-3,499.....	6	6	7	5	7	4	6	8	(1)
3,500 and over.....	28	28	28	19	34	22	19	28	(1)
Median income from private pensions.....	\$2,060	\$2,060	\$2,080	\$1,730	\$2,370	\$1,900	\$1,750	\$2,080	(1)
<i>All women</i>									
Number (in thousands):									
Reporting receipt.....	16	12	4	6	8	2	2	3	1
Reporting amount.....	15	11	3	5	7	2	2	3	1
Total percent.....	100	100	100	100	100	100	100	100	(1)
Under \$500.....	27	28	24	20	26	29	34	25	(1)
500-999.....	28	29	24	34	28	37	27	24	(1)
1,000-1,499.....	21	22	16	23	24	17	22	18	(1)
1,500-1,999.....	9	8	12	9	8	5	10	12	(1)
2,000-2,499.....	5	4	10	7	3	6	5	9	(1)
2,500-2,999.....	4	4	6	2	4	5	(2)	6	(1)
3,000-3,499.....	1	1	1	1	2	(2)	(2)	1	(1)
3,500 and over.....	4	4	6	2	5	2	3	4	(1)
Median income from private pensions.....	\$910	\$880	\$1,060	\$940	\$980	\$780	\$800	\$1,030	(1)
<i>Married women and their husbands</i>									
Number (in thousands):									
Reporting receipt.....	19	18	2	4	14	2	2	1	1
Reporting amount.....	18	16	1	3	13	2	1	1	1
Total percent.....	100	100	(1)	100	100	100	(1)	(1)	(1)
Under \$500.....	15	15	(1)	12	13	19	(1)	(1)	(1)
500-999.....	24	24	(1)	25	22	34	(1)	(1)	(1)
1,000-1,499.....	20	21	(1)	31	22	12	(1)	(1)	(1)
1,500-1,999.....	11	11	(1)	13	12	10	(1)	(1)	(1)
2,000-2,499.....	8	8	(1)	6	8	10	(1)	(1)	(1)
2,500-2,999.....	6	6	(1)	5	6	10	(1)	(1)	(1)
3,000-3,499.....	3	3	(1)	(2)	3	2	(1)	(1)	(1)
3,500 and over.....	13	12	(1)	6	13	3	(1)	(1)	(1)
Median income from private pensions.....	\$1,290	\$1,280	(1)	\$1,200	\$1,350	\$950	(1)	(1)	(1)

<sup>1</sup> Not computed because base less than 1,500.

<sup>2</sup> Less than 0.5 percent.

their social security benefits, one should take into account for the married men and women the income of the spouse. As table 11 indicates, most often only the husband receives such income. For 4 out of 5 of the married men with payable benefits (reduced and full), only the husbands received private pension income. Among 3 out of 5 of the married couples with women respondents whose benefits were payable at award, husbands alone received income from private pensions.

Men with reduced benefits payable at award who report private pension income receive it at a median annual rate of \$1,870—slightly more than the rate for men with benefits payable at age 65 (table 12). The median for men with benefits postponed was only \$1,580. Although receipt of private pensions by men is directly correlated with age (through age 65), for men with a pension the median size does not seem to be related to entitlement age. Indeed, in the small group of men who were entitled at age 62 to social security benefits and who reported private pension income, about one-third had pension income at a rate of \$3,000 or more a year. Availability of a private pension may thus be a factor in the decision of some men to claim early social security benefits.

### Income from Assets

Interest, dividends, rent, and annuities are frequent sources of income for beneficiaries. Men entitled at age 62 to payable benefits were somewhat less likely to have income from assets than men with full payable benefits, and those with postponed benefits reported receipt of asset income most frequently. Among nonmarried men, about one-third of those with benefits payable at award and half of those with benefits postponed at award received such income. About 55 percent of the married men with benefits payable at award received interest, dividends, annuities, and rent income, and 60 percent of the married men with benefits postponed did so (table 8).

The proportion reporting income from interest, dividends, annuities, and rent is considerably higher among married men than among nonmarried men. At least part of this difference results from the fact that this information was requested

for the married couple rather than for the respondent and spouse separately because financial assets and rental property are so often held jointly. In tabulating, the amount of asset income was not divided between husband and wife but was assumed to be the respondent's.

Although large numbers of men receive income from assets, the median annual rate of such income for those receiving it is relatively low, as the following tabulation shows.

Benefit status at award and age at entitlement	Median annual rate			
	Non-married men	Married men and their wives	Non-married women	Married women and their husbands
Benefits payable.....	\$470	\$640	\$350	\$480
Reduced benefits.....	570	650	330	480
Age 62.....	500	690	340	470
Age 63.....	570	640	300	530
Age 64.....	700	560	340	600
Benefits not reduced.....	260	620	380	480
Age 65.....	( <sup>1</sup> )	620	340	600
Age 66 and over.....	( <sup>1</sup> )	600	440	( <sup>1</sup> )
Benefits postponed.....	450	620	460	590

<sup>1</sup> Not computed because base less than 1,500.

When these averages are compared with median income from social security and private pensions, it is evident that asset income is not a major source of income for recent awardees. When asset income is received, married persons tend to have somewhat higher income from this source than nonmarried persons, but there is little variation among beneficiaries with reduced and full benefits.

### CONCLUSIONS AND IMPLICATIONS

The report of the 1965 Advisory Council on Social Security, on the basis of whose recommendations the SNEB study was undertaken, states:

The Council recommends that the Social Security Administration continue to collect information about the people who come on the benefit rolls before age 65. The information should include data relative to both their past work experience and their current financial situation.<sup>10</sup>

<sup>10</sup> Advisory Council on Social Security, *The Status of the Social Security Program and Recommendations for its Improvement*, 1965.

The data presented here are the first findings from SNEB. Their intent is to provide a basic description of the beneficiaries who are now coming on the social security benefit rolls. Further analyses will present data for more recent time periods and will explore some of the health and personal factors that also enter into the decision to become entitled and start to receive cash benefits.

It is frequently suggested that retirement is not simply the point in time when a person moves from nonretirement to retirement. Rather, it is often described as a process taking place over an extended period of time, during which persons move from extensive labor-force participation to less of such activity. Furthermore some persons may move back and forth—in and out of the position of being retired. The Longitudinal Retirement History Study, being conducted by the Social Security Administration concurrently with SNEB, will yield additional information on the economic and demographic determinants of the whole retirement process.

The Survey of Newly Entitled Beneficiaries covers persons who have recently been awarded benefits and who are at varying stages in the retirement process. Clearly, those entitled to payable benefits—perhaps also receiving another pension—and not supplementing their retirement income by earnings, may be considered retired. Conversely, those who postpone pension benefits and continue working are surely not retired. The large number of persons in between these two poles may be assumed to be in the same stage of the retirement process. The research currently underway is directed toward the development of objective criteria to define retirement and its various stages.

The prospect of retirement and planning for it involves a series of decisions on the part of the workers. Degrees of freedom within which decisions leading to retirement are made vary from individual to individual. Certainly, economic resources, of which social security benefits are a major one, are an important factor.

Even on the basis of the partial findings presented here, the reduction in benefit rate because of early entitlement—though it may have some inhibiting effect on the propensity to become entitled and thus induce some workers to wait until they reach age 65 before claiming benefits—

appears to be a secondary consideration in the worker's decision to draw benefits. His first consideration is probably the satisfaction of his immediate economic wants. In the last half of 1968, for example, about 20 percent of the men awarded currently payable benefits that were reduced for early entitlement were actually aged 65 or within 3 months of that age when they filed. Most of these men could easily have avoided any reduction in their benefit rate by waiting but deliberately chose to be retroactively entitled before age 65 and thereby incurred a benefit reduction.

Virtually all insured workers file for eligibility for hospital benefits under Medicare when they reach age 65 or as much as 3 months in advance of that date. At the time they file, they are usually awarded cash retired-worker benefits if they have not been previously entitled. It appears that at that point a worker, who has not worked for some months, may choose to become entitled retroactively for as much as 12 months and collect, in one payment, back benefits for that period.

About 50 percent of currently payable awards to men are to those aged 62 at entitlement. About 1 in 5 of them has not worked for at least 12 months before his entitlement—a far higher proportion than among those who became entitled at ages 63, 64, and 65. Among the group as a whole, about 6 in 10 men filed either in their month of entitlement or within 3 months in advance of that month. A certain urgency is thus implied for some of them—almost as if they were in a queue waiting for the minimum age for retired-worker benefits to arrive.

In a period when the earning capacity of a person may be declining or disappear altogether he may reach a point where it is to his economic advantage to claim and start receiving his social security benefits, and he then decides to do so. This point may occur for many individuals before age 65. There are, too, some individuals who, for one reason or another are willing to trade some economic loss for leisure or partial leisure and claim benefits while they are still able to earn more than they do.

In the months following entitlement, earnings from employment served as a major supplement for men who are entitled to retirement benefits payable at award. About 40 percent of such

men entitled before age 65 and 30 percent of those entitled at age 65 reported that they were employed, but about half of them earned less than the exempt amount—\$1,680 a year.

There is no evidence of large numbers of men changing jobs in anticipation of retirement. The bulk of those who were employed (at least 3 out of every 4) continued working at the same job they had held for 5 years or more. Nevertheless, with the type of jobs held before claiming

benefits taken into account, not all workers are equally likely to continue working.

About 25 percent of the men claiming reduced benefits and 40 percent entitled at age 65 to benefits payable at award also reported income from a private pension plan. About 9 percent of the former and 15 percent of the latter reported income from public pension sources other than social security. Barely one-third of men with reduced benefits had supplementary pension income in addition to social security benefits.

TABLE A.—Class of worker and occupation of wage and salary workers, for employed persons: Percentage distribution of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards

Class of worker, occupation, and sex	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post-poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<i>Employed men</i>									
Number (in thousands).....	78	66	12	100	39	13	13	7	5
Total percent.....	100	100	100	100	100	100	100	100	100
Self-employed.....	36	37	29	24	34	43	39	25	34
Wage and salary workers.....	64	63	71	76	66	57	61	75	66
Professional, technical and kindred workers.....	4	3	6	9	2	5	4	6	4
Managers and proprietors.....	5	5	4	10	4	5	6	4	4
Clerical and sales workers.....	7	7	10	11	7	6	6	9	12
Craftsmen.....	10	10	9	18	11	5	12	11	6
Operatives.....	9	9	11	12	9	8	9	13	8
Service and private household workers.....	12	12	13	7	11	13	11	10	8
Laborers and foremen.....	13	14	11	5	16	11	9	12	9
Nonresponse.....	5	4	8	3	4	4	5	9	5
<i>Employed women</i>									
Number (in thousands).....	59	48	10	32	34	7	8	7	4
Total percent.....	100	100	100	100	100	100	100	100	100
Self-employed.....	12	11	18	7	10	14	11	12	30
Wage and salary workers.....	88	89	82	93	90	86	89	88	70
Professional, technical and kindred workers.....	8	8	6	18	8	11	10	7	3
Managers and proprietors.....	2	2	2	5	1	(1)	3	1	2
Clerical and sales workers.....	24	23	25	39	24	21	24	31	15
Craftsmen.....	1	1	(1)	2	1	1	1	(1)	(1)
Operatives.....	10	10	8	13	10	10	11	11	2
Service and private household workers.....	38	38	37	12	40	37	33	36	38
Laborers and foremen.....	2	2	1	(1)	1	2	3	(1)	2
Nonresponse.....	5	5	4	4	6	4	4	1	8

<sup>1</sup> Less than 0.5 percent.

TABLE B.—Class of worker and industry of wage and salary workers for employed persons: Percentage distribution of persons initially entitled to retired-worker benefits by sex, age at entitlement, and benefit-payment status, July–December 1968 awards

Class of worker, industry, and sex	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post- poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
<i>Employed men</i>									
Number (in thousands).....	78	66	12	100	39	13	13	7	5
Total percent.....	100	100	100	100	100	100	100	100	100
Self-employed workers.....	36	37	29	24	34	43	39	25	34
Wage and salary workers.....	64	63	71	76	66	57	61	75	66
Forestry, fisheries, and agriculture.....	7	8	5	2	8	7	7	7	3
Mining.....	7	8	6	10	9	5	6	8	4
Manufacturing.....	8	8	12	21	7	8	10	12	12
Transportation, communication, etc.....	3	3	2	4	4	3	2	3	1
Wholesale and retail trade.....	11	11	10	12	12	9	12	11	8
Finance, insurance, real estate.....	3	3	4	4	3	5	3	2	6
Other services.....	15	14	19	13	14	13	14	16	24
Public administration.....	3	2	4	6	3	3	2	6	2
Nonresponse.....	6	6	8	4	7	5	6	10	6
<i>Employed women</i>									
Number (in thousands).....	59	48	10	32	34	7	8	7	4
Total percent.....	100	100	100	100	100	100	100	100	100
Self-employed workers.....	12	11	18	7	10	14	11	12	30
Wage and salary workers.....	88	89	82	93	90	86	89	88	70
Forestry, fisheries, and agriculture.....	1	1	1	( <sup>1</sup> )	1	2	3	( <sup>1</sup> )	2
Mining.....	( <sup>1</sup> )	1	( <sup>1</sup> )	1	( <sup>1</sup> )	( <sup>1</sup> )	1	( <sup>1</sup> )	( <sup>1</sup> )
Manufacturing.....	9	9	9	17	8	11	10	12	2
Transportation, communication, etc.....	1	1	( <sup>1</sup> )	1	1	( <sup>1</sup> )	2	( <sup>1</sup> )	( <sup>1</sup> )
Wholesale and retail trade.....	17	18	13	16	20	13	17	17	5
Finance, insurance, real estate.....	3	3	6	5	2	3	3	5	8
Other services.....	46	46	44	38	46	47	46	46	42
Public administration.....	3	3	3	8	3	3	2	4	2
Nonresponse.....	7	8	5	6	8	6	6	4	8

<sup>1</sup> Less than 0.5 percent.

## Technical Note

The estimates presented here are based on data obtained from the Survey of Newly Entitled Beneficiaries, which is one of the on-going surveys being undertaken by the Social Security Administration to study the retirement process. Collection and tabulation operations were conducted by the Bureau of the Census. The selection of the sample from the social security records was performed by the Social Security Administration.

### Survey Design

*Population.*—The SNEB universe consists of all persons initially awarded retired-worker benefits during each month, starting in July 1968. Disability beneficiaries who reach age 65 and whose benefits are therefore automatically converted to retired-worker benefits are excluded. Transitionally insured workers aged 72 and over are included, but “special age-72” awards are not.

*Sample design.*—The sample for SNEB is selected by means of a two-stage design. The first stage consists of the selection of a single primary sampling unit (PSU) from each of 100 strata by appropriate probability procedures. The selection of the PSU's was made by the Bureau of the Census as one of several combinations of the basic 357 PSU design of the Current Population Survey.<sup>1</sup> Each PSU is composed of a single county or a group of counties (towns or groups of towns in the New England States). Twenty-one of the strata used in the first stage consist of the counties comprising each of the 21 largest metropolitan areas and thus is identical to its stratum (self-representing PSU's). The remaining metropolitan areas were grouped into 33 strata and a PSU, a single metropolitan area, selected from each one. The remaining counties not in metropolitan areas are grouped into 36 strata, and one PSU was selected to represent each such stratum.

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<sup>1</sup> For details on the Current Population Survey sampling procedure, a description of PSU's, stratification, and selection of first-stage units see the Bureau of the Census, *The Current Population Survey—A Report on Methodology*, Technical Paper Number 7.

The second stage of the sampling process was the monthly selection of the new beneficiaries to whom questionnaires would be mailed. These are individuals who had been awarded retired-worker benefits for the first time during the preceding month and who resided in a sample PSU.

*Sample size.*—The size of the SNEB sample was originally set at about 3,200 cases per month, or 1 in 27 of the persons receiving retired-worker benefit awards each month. As of July 1969, the sample was reduced to about 1,500 cases per month when processing delays precluded quarterly data.

*Data collection.*—Each month questionnaires are mailed to the retired workers selected for the sample by the end of the month following their award. Because of problems encountered in selecting the sample during the first 6 months of the survey, the mailings took place 2–3 months after the awards.

For persons who do not respond to the first mailing within 2 weeks, a second questionnaire is mailed and, after 2 more weeks, a third one is sent by certified mail. These successive mailings yield about 75-percent response.

At the end of each quarter, a 50-percent random sample of persons who did not respond to the mailings or whose questionnaires were returned by the Post Office as undeliverable are followed up by personal interviews conducted by Census Bureau personnel.

*Noninterview adjustment.*—About 1 in every 10 persons in the sample failed to return an adequately completed questionnaire in spite of follow-up procedures. About three-fourths of these persons refused to participate in the survey.

In order to represent the nonrespondents, the originally assigned weights were adjusted by multiplying them by the reciprocal of the response ratio. To allow for possible variations in response rates, the adjustment was made for 12 sex, residence, age at entitlement, and payment-status groups separately for each quarter of data.

*Comparison of the estimates.*—Data published quarterly by the Social Security Administration may be used as the basis for comparison with

estimates based on SNEB. For the last 6 months of 1968 the comparative data are as follows:

[In thousands]

Type of award	Men		Women	
	SNEB estimates	Award data <sup>1</sup>	SNEB estimates	Award data <sup>1</sup>
Total awards.....	324	334	216	219
Currently payable.....	196	200	175	179
Reduced.....	162	166	148	151
Not reduced.....	34	34	28	29
Conditional and deferred.....	129	134	40	40

<sup>1</sup> Based on table Q-6, *Social Security Bulletin*, March 1970. Published award data exclude a small number of transitionally insured persons who are included in SNEB.

The overall difference between the Survey estimates and the adjusted data on awards is 3 percent for men and 1 percent for women. For awards in payment status—the area of most concern—the difference in the estimates is 2 percent for men and 1 percent for women.

### Reliability of Estimates

Since the SNEB estimates are based on a sample they may differ somewhat from the figures that would have been obtained if every person initially awarded retired-worker benefits during the last 6 months of 1968 were included in the survey. In this survey, as in others, the results are subject to errors of response and nonreporting, in addition to sampling variability.

The standard error is primarily a measure of sampling variability—that is, the variations that occur by chance simply because a sample of the population rather than the population as a whole is surveyed. The chances are about 68 out of 100 that an estimate from the sample would differ by less than the standard error from the results based on the same procedures for the entire population. The chances are about 95 out of 100 that the differences would be less than twice the standard error.

The standard error of an estimated percentage depends on the size of the percentage and the size of its base. Table I presents a rough approximation of standard errors of estimated percentages for SNEB by level of percentage and size of base. Linear interpolation applied to the base or the percentage or both may be used to calcu-

late the value of a standard error not specifically shown. For example:

Of 78,000 men with benefits currently payable at award who were employed, an estimated 10 percent report that they were working as craftsmen. Interpolating in table I the estimated standard error is approximately 0.8 percent. The chances are 68 out of 100 that the population proportion who are craftsmen is between 9.2 and 10.8. Further, the chances are 95 out of 100 that the results for the whole population lie between 8.4 and 11.6 percent.

If it is necessary to compare two percentages to determine whether they are significantly different, the standard error of the difference can be approximated as the square root of the sum of the squares of the standard error of each of the percentages. For example:

The proportion of the 78,000 currently employed men with benefits payable at award who were craftsmen is 10 percent, and the proportion of the 100,000 men with benefits postponed at award who were craftsmen is 18 percent. The standard error for the first group is approximately 0.8 percent, and the standard error of the second group is about 0.9 percent.

The sum of the squares of the two standard errors is 1.45 and the square root, the standard error of the difference, is 1.2 percent. Since the actual difference of 8 percentage points is much greater than twice the standard error of the difference it is extremely likely that the difference is significant.

### *Sampling variability of estimated medians.—*

The sampling variability of an estimated median depends on the distribution as well as the size of the base. An approximate method for measuring the reliability of the estimated median is to determine an interval about the estimated median so that there is a stated degree of confidence that the true median lies within the limits.

The upper and lower limits of the interval about the median—that is, the confidence limits—based on grouped sample data may be estimated as follows: (1) using the base on which the median was calculated, determine from table I the standard error for 50 percent, the proportion represented by the median; (2) add to and subtract from 50 percent twice the standard error determined in step 1 (for 95-percent confidence limits); and (3) read off the distribution of the characteristic the upper and lower limits of the interval about the median corresponding to the two points established in step 2. For example,



the confidence limits of a median may be computed as follows:

TABLE I.—Rough approximations of standard errors of estimated percentages of persons or married couples (68 chances out of 100)

Size of base	Estimated percentages					
	2 or 98	5 or 95	10 or 90	20 or 80	60 or 40	50
5,000.....	1.4	2.2	3.0	4.0	4.9	5.0
10,000.....	1.0	1.6	2.1	2.8	3.5	3.6
25,000.....	0.6	1.0	1.4	1.8	2.2	2.3
50,000.....	0.5	0.7	1.0	1.3	1.6	1.6
100,000.....	0.3	0.5	0.7	0.9	1.1	1.1
150,000.....	0.3	0.4	0.6	0.7	0.9	0.9
200,000.....	0.2	0.3	0.5	0.6	0.8	0.8
250,000.....	0.2	0.3	0.4	0.6	0.7	0.7
300,000.....	0.2	0.3	0.4	0.5	0.6	0.7

In table 9, the median annual rate of income from social security payments is estimated to be \$1,280 for men with reduced benefits payable at award. The number of those reporting such income is 151,000.

1. The standard error of 50 percent with a base of 150,000 is 0.9 percent (from table I);
2. For a 95-percent confidence interval, it is necessary to subtract and add two standard errors, to yield limits of 48.2 and 51.8;
3. Since, as table 9 shows, 48 percent of the couples had incomes below \$1,250 and 24 percent had incomes between \$1,250 and \$1,499, the dollar value of the lower limit may be found by linear interpolation to be:

$$\frac{48.2 - 48.0}{24} \times \$250 + \$1,250 = \$1,252$$

The upper limit can be found in the same way:

$$\frac{51.8 - 48.0}{24} \times \$250 + \$1,250 = \$1,290$$

Thus, the chances are 95 out of 100 that the true median lies between \$1,252 and \$1,290.

## Response to the Survey

As table II shows, about three-fourths of the persons in the sample returned completed questionnaires by mail. The personal follow-up of 1 out of 2 of those who did not respond or whose questionnaires were undeliverable produced an effective response of 91 percent after allowing for the weighting of such follow-up cases. Of the 9 percent who did not respond, most (7 percent) represented refusals. The follow-up interviews of persons who returned questionnaires that failed a quality check reduced the number of such inadequately completed questionnaires from 343 to 30.

Because the large majority of questionnaires were completed by the respondents themselves

and returned my mail, the incidence of omitted or incomplete responses may be relatively higher than it would have been if the survey were conducted by personal interview. In SNEB, as in other surveys—both those conducted by mail or personal interviews—the largest rates of non-response were among items related to current income, especially earnings.

*Nonresponse on income sources.*—Information on all types of income except earnings is derived from a number of questions directed at specific sources of income as follows:

*Institutional transfer payments:* company or union pensions; social security payments; Federal Government and State and local government employees' pensions; military retirement pensions; veterans' pensions or compensation, railroad retirement; workmen's compensation, cash sickness, or temporary disability insurance; welfare assistance payments; unemployment compensation.

*Other selected sources:* interest from savings, notes, and bonds; dividends from stock; net rental income; annuities; regular contributions from relatives; miscellaneous payments.

The person is requested to respond on each source and, if he (or she) is married, for the spouse on the transfer payment sources. Since property income and contributions from relatives are often received jointly by the husband and wife, information about them is not requested separately for the married person and the spouse. For purposes of tabulation, such income was assumed to be the respondent's.

For each source of income the person is requested to check a "yes" or "no" box and enter the amount of such income. "No" responses were

TABLE II.—Response before and after personal interview follow-up, July–December 1968

Status of questionnaire	Before personal interview follow-up <sup>1</sup>		After personal interview follow-up <sup>2</sup>	
	Number	Percent	Number	Percent
Total sample.....	18,504	100	18,504	100
Questionnaires with adequate response.....	13,604	74	16,825	91
Questionnaires without adequate response.....	999	5	1,575	9
Undeliverable.....	141	1	14	( <sup>3</sup> )
Deceased.....	123	1	185	1
Refusal.....	364	2	1,317	7
Failed quality check.....	343	1	30	( <sup>3</sup> )
Miscellaneous.....	28	( <sup>3</sup> )	29	( <sup>3</sup> )
Questionnaires not returned.....	3,901	21	104	1

<sup>1</sup> After a maximum of three mailings.

<sup>2</sup> Undeliverable and nonresponse sample cases are weighted to include cases not chosen for the follow-up sample.

<sup>3</sup> Less than 0.5 percent.

imputed for selected blank entries. For example, if a person reported pension income and did not check other transfer income sources, the blank responses were assumed to be "no."

When information was tabulated on receipt of specified sources of income for married couples, the following procedure was used:

Sample person entry	Spouse entry	Tabulated as—
Yes -----	Yes, No, or nonresponse	Receiving
No or nonresponse ---	Yes	Receiving
No -----	No	Not receiving
No -----	Nonresponse	Nonresponse
Nonresponse ----	No or nonresponse	Nonresponse

As shown, a "yes" response for either the person in the sample or the spouse, regardless of the other entry, is tabulated as "receiving." "Nonresponse," on the other hand, can consist of a combination of a proper "no" and "non-response." Thus actual nonresponse for married couples may tend to be overstated.

Table III shows nonresponse rates on receipt of income for the sample persons by sex and marital status. Nonresponse to questions about transfer income sources is less frequent than to questions about sources such as assets, etc. Newly entitled persons who postponed receipt of their benefits tended to have higher nonresponse rates than those with payable awards.

The rates of nonresponse for married couples

(table IV) are indeed higher than those for workers alone—a reflection in part of the way receipt of specified sources of income for married couples was tabulated. The low nonresponse rate for social security income for couples where the person in the sample received a payable award reflects the fact that 95 percent of those in the sample report were receiving social security income. Among married couples with benefits postponed at award, a much lower proportion of the persons in the sample reported that they received income from social security payments and the nonresponse rate is thus higher.

Since a number of items on the questionnaire refer to current employment, employment status for persons in the sample was imputed mechanically. Consequently, nonresponse does not appear for receipt of earnings among retired workers (unpaid family work was not included as employment). For their spouses, however, imputation for inadequate response could not be undertaken. Even so, nonresponse on receipt of earnings for married couples is relatively low.

*Nonresponse on amount of income.*—Each reported source of income requires a report on the amount usually received from that source in a month (for transfer payment sources) or in a year (for all other sources except earnings). The rate of nonresponse on amount of income varies among the individual sources but is generally somewhat low for transfer payment income. When incomes from all sources are added together

TABLE III.—Nonresponse on receipt of income other than earnings: Percent of persons in sample who did not report on receipt of income, by sex, marital status, age at entitlement, and benefit-payment status, July–December 1968 awards

Type of income, marital status, and sex	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Postponed	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
Not reporting transfer payments: <sup>1</sup>									
Men.....	1	1	( <sup>3</sup> )	3	1	1	3	1	1
Married.....	1	1	( <sup>3</sup> )	3	1	1	2	1	( <sup>3</sup> )
Not married.....	2	3	1	6	1	3	8	1	2
Women.....	2	2	2	5	2	3	2	3	1
Married.....	2	2	2	4	2	2	2	2	1
Not married.....	3	3	2	6	3	4	2	3	1
Not reporting income from other sources: <sup>2</sup>									
Men.....	10	10	11	8	10	10	9	10	12
Married.....	10	10	11	7	10	10	9	10	14
Not married.....	10	11	9	11	10	12	11	9	9
Women.....	12	12	14	12	12	12	14	14	12
Married.....	12	12	13	10	12	11	13	14	10
Not married.....	13	13	14	13	13	14	14	14	13

<sup>1</sup> Includes all government and private pensions, veterans' pensions and compensation, workmen's compensation, public assistance, and unemployment insurance.

<sup>2</sup> Includes income from assets, annuities, and contributions from relatives.

<sup>3</sup> Less than 0.5 percent.

TABLE IV.—Nonresponse on receipt of specified sources of income: Percent of married couples who did not report on receipt of income by age at entitlement and benefit-payment status, July–December 1968 awards

Source of income	Benefits by payment status at award				Benefits payable at award by age at entitlement				
	Payable			Post-poned	Reduced			Not reduced	
	Total	Reduced	Not reduced		62	63	64	65	66 and over
Married men and their wives not reporting:									
Earnings.....	2	2	2	( <sup>2</sup> )	2	3	3	3	2
Social security benefits.....	1	1	1	6	1	2	2	2	( <sup>2</sup> )
Other public pensions.....	10	10	9	10	10	10	11	9	7
Private pensions.....	8	8	6	8	7	8	10	6	7
All other transfer payments <sup>1</sup> .....	10	10	8	9	10	10	12	8	8
Married women and their husbands not reporting:									
Earnings.....	4	4	5	1	4	3	3	6	3
Social security benefits.....	1	1	( <sup>2</sup> )	3	1	2	2	1	1
Other public pensions.....	8	8	10	7	8	8	11	12	6
Private pensions.....	7	7	9	7	7	8	10	10	6
All other transfer payments <sup>1</sup> .....	8	8	9	7	8	8	10	12	5

<sup>1</sup> Includes veterans' pensions and compensation, workmen's compensation, public assistance, and unemployment insurance.

<sup>2</sup> Less than 0.5 percent.

to obtain the amount of total money income for an individual or a married couple, nonresponse on amount for even a single source makes it impossible to determine the total income. For this reason the nonresponse on amount of total income for the first year of the SNEB survey is so high as to yield unreliable data. Starting with the July 1969 awards, however, nonresponse has been significantly lowered by introduction of special call-back and follow-up procedures for the income questions.

The worker has the option of declaring his earnings on the SNEB questionnaire as an hourly,

weekly, monthly, or annual amount. The annual rate of earnings often has to be calculated from information on weeks worked per year or both hours per week and weeks per year. Even if the worker states his income for the period of his choice, nonresponse on earnings may still be possible if the auxiliary information needed for calculating the annual rate of earnings is not entered. This form of "double jeopardy" is responsible for much of the high nonresponse rate on amount of earnings and has a major impact on the high nonresponse rate for the total amount of income.

## Notes and Brief Reports

### Employment Security Amendments of 1970\*

On August 10, 1970, President Nixon signed the Employment Security Amendments of 1970 (Public Law 91-373), the most significant unemployment insurance legislation passed by Congress in a decade. The major features of the legislation are extension of coverage to small firms, nonprofit organizations, and some State employment; establishment of a permanent program of extended benefits for persons who ex-

haust their regular State benefits during periods of high unemployment; and improvements in the financing of the program, including a rise in the taxable wage base and the Federal tax rate.

#### COVERAGE

The legislation provides for the largest single increase in coverage since the unemployment insurance program began. Effective January 1, 1972, about 4,750,000 jobs will be added to the almost 60 million presently covered under Federal and State unemployment insurance laws. About 1,700,000 of the new jobs will be covered through extension of the Federal Unemployment Tax Act (FUTA). The remainder will be covered through requiring State action as a condition for provid-

\* Prepared in the Interprogram Studies Branch, Division of Economic and Long-Range Studies.