

Second Pensions Among Newly Entitled Workers: Survey of New Beneficiaries

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A pension to supplement social security benefits makes an important contribution to the level of income of retirees who receive one. Only a small minority of the aged are so fortunate, however. Pension developments since the early 1950's have suggested the possibility of improvement in this situation. There is, therefore, considerable interest in how many workers now approaching retirement age have a right to a private pension—or to a second public pension—and specifically if the worker claiming social security benefits today fares better in this respect than those who did so some years ago. Findings from two Social Security Administration surveys—the 1968 Survey of the Aged and the Survey of Newly Entitled Beneficiaries—indicate that workers currently coming on the social security rolls have somewhat better pension prospects than the older persons on the rolls. Of all the workers newly entitled to OASDHI benefits in the 2-year period ending June 1970, about 1 in 4 were already receiving or expecting a private pension and 1 in 8 were receiving or expecting a second public pension.

FINDINGS of the 1968 Survey of the Aged reveal that the 1967 median income of OASDHI beneficiary couples with one or both members aged 65 and over and receiving a second pension from a private or a public retirement system was roughly 50 percent higher than the median of beneficiary couples without a second pension. Among the nonmarried beneficiaries, the 1967 median income of those with a second pension was almost double that of beneficiaries without a supplementary pension.¹

The differences in income reflect several factors. Most private pensioners had higher preretirement earnings than those of workers for whom OASDHI was the only regular retirement benefit. Retirees with private pensions tended, therefore,

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¹ Walter W. Kolodrubetz, "Private and Public Retirement Pensions: Findings From the 1968 Survey of the Aged," *Social Security Bulletin*, September 1970.

to be concentrated at higher social security benefit levels and more likely to have personal savings than aged beneficiaries without a supplementary pension. The range in size of payments was much wider for private pensions than OASDHI benefits, but the median private pension was considerably lower than the OASDHI median. Public pensions other than OASDHI were, on the average, relatively high—substantially above the level of private pensions. Aged social security beneficiaries receiving a second public pension include some who had earned small social security benefits on a secondary job and some who had worked at a relatively well-paid job under a State or a local government retirement system coordinated with OASDHI. Median total incomes for beneficiaries with public pensions were, therefore, about the same as those of private pensioners.

PENSIONS OF AGED BENEFICIARIES

Among aged OASDHI beneficiaries in 1967, 21 percent of the married couples received a private pension, 15 percent of the nonmarried men, and 6 percent of the nonmarried women (table 1). In addition, 9 percent of the couples and 6 percent of the nonmarried persons drawing OASDHI benefits received a second public pension—from a program for Federal, State, or local government employees, or for military or railroad retirees.²

During the past two decades, coverage under private pension plans has expanded considerably and, at the same time, there has been a trend

² Because nearly nine-tenths of the population aged 65 and over were receiving OASDHI benefits in 1967 and almost all private pension recipients were beneficiaries, the proportions receiving private pensions were slightly lower for all the aged than for beneficiaries. On the other hand, because some not entitled to OASDHI benefits were receiving other public pensions, the proportions of all the aged in receipt of such public pensions were higher for all the aged than for beneficiaries. See Lenore E. Bixby, "Income of People Aged 65 and Older: Overview From 1968 Survey of the Aged," *Social Security Bulletin*, April 1970.

TABLE 1.—Pension receipt by aged beneficiary units: Percentage distribution of beneficiary units aged 65 or over with second pensions, by marital status, 1967

Receipt and type of pension	All units	Married couples	Nonmarried persons				
			Total	Men	Women		
					Total	Retired workers	Widow beneficiaries
Number of beneficiary units ¹ (in thousands)...	12,446	4,913	7,533	1,928	5,606	3,217	2,386
Total percent.....	100	100	100	100	100	100	100
Receiving pension.....	20	30	14	21	11	16	6
Private pension, total.....	13	21	8	15	6	8	4
Public pension, total.....	8	9	6	7	6	8	2
Both private and public.....	1	1	(²)	1	(²)	(²)	(²)
Not receiving pension.....	80	70	86	79	89	84	94

¹ Excludes beneficiaries who received their first benefit in February 1967 or later, transitionally insured, and "special age-72" beneficiaries.
² 0.5 percent or less.

toward liberalization of qualifying provisions.³ It is therefore generally assumed that workers now coming on the OASDHI rolls would be much more likely to have private pensions than the entire group aged 65 and over, studied in 1968, most of whom had been on the rolls for some years.

PENSIONS OF NEW BENEFICIARIES

The Survey of Newly Entitled Beneficiaries (SNEB) provides information on the receipt of pensions by individual men and women at the time they are initially awarded social security retired-worker benefits. Practically all insured workers receive initial benefit awards at some point between their sixty-second and sixty-sixth birthdays. Thus, the SNEB population is considerably younger than that of the 1968 Survey of the Aged and is limited to persons who are eligible for retired-worker benefits. It excludes women drawing benefits on the basis of their deceased husband's work records—a large group among the nonmarried women covered in the 1968 Survey of the Aged.

The 2.3 million persons awarded retired-worker benefits between July 1968 and June 1970 include 1.6 million awarded payable benefits and 0.7 million whose benefits were postponed at award. The latter group received their benefit awards as a byproduct of establishing entitlement to hospital benefits under Medicare, and most of them were still earning above the social security

³ Walter W. Kolodrubetz, "Trends in Employee-Benefit Plans in the Sixties," *Social Security Bulletin*, April 1971.

"retirement" (earnings) test limits at the time of the survey.⁴ Of the 1.6 million who started receiving OASDHI cash benefits, 18 percent had private industry pensions and 10 percent received other public pensions as former government employees (civilian or military) or railroad workers. The recipients of private pensions account for 28 percent of the married men, 17 percent of the nonmarried men, and 10 percent of the women entering the beneficiary rolls as retired workers (table 2). Thus, individuals coming on these rolls are somewhat more likely to receive private pensions than the entire group aged 65 and over already on the rolls. As previous findings have shown, receipt of private pensions is concentrated among those at higher social security benefit levels.⁵

A companion article in this issue examines the characteristics associated with pension coverage and receipt through the longest job held by newly entitled wage and salary workers. The longest job is the one most likely to yield pension coverage and a meaningful pension income.

This article presents estimates of the total number of newly entitled workers who were already receiving a pension from any job⁶ and who were expecting to receive a pension from their most recent job. The most recent job—defined as the current job for those still employed and the last job of those who had stopped working by the time of the survey—was usually the longest job. It also was the job from which workers not receiving a pension most often expected pension income in the future.

The analysis draws on data for the full 24 months for which information was collected in order to reduce sampling variability. The estimates of sampling variability appended to the

⁴ At the time of the survey, \$1 in benefits was withheld for each \$2 in annual earnings from \$1,680 to \$2,880 and \$1 in benefits was withheld for each \$1 in earnings above \$2,880, except that retired-worker benefits were payable for any month in which a worker did not earn \$140 a month or perform substantial services in self-employment.

⁵ Patience Lauriat, "Benefit Levels and Socio-economic Characteristics: Findings From the 1968 Survey of the Aged," *Social Security Bulletin*, August 1970, and Virginia Reno and Carol Zuckert, "Benefit Levels of Newly Retired Workers: Findings From the Survey of New Beneficiaries," *Social Security Bulletin*, July 1971.

⁶ Pension income was included as one item in a battery of questions on different possible sources of income, regardless of the specific job with which it was associated.

TABLE 2.—Marital status and pension receipt: Percentage distribution of persons initially entitled to OASDHI retired-worker benefits by marital status and OASDHI benefit-payment status at award, July 1968–June 1970 awards

Receipt and type of pension	Total	Men			Women		
		Total	Married	Non-married	Total	Married	Non-married
Total							
Number of persons (in thousands).....	2,317	1,388	1,141	247	929	522	406
Total percent.....	100	100	100	100	100	100	100
Receiving pension.....	24	29	31	22	17	13	22
Private pension, total.....	17	21	22	16	10	8	13
Public pension, total.....	8	9	9	7	7	6	9
Both private and public.....	1	1	1	1	(¹)	(¹)	(¹)
Not receiving pension.....	74	69	68	75	81	85	76
Not reported.....	2	1	1	2	2	1	2
With payable awards							
Number of awards (in thousands).....	1,589	845	667	178	745	463	282
Total percent.....	100	100	100	100	100	100	100
Receiving pension.....	27	35	38	24	17	13	24
Private pension, total.....	18	25	28	17	10	7	13
Public pension, total.....	10	11	12	8	8	6	11
Both private and public.....	1	1	1	1	(¹)	(¹)	(¹)
Not receiving pension.....	72	64	61	74	81	86	75
Not reported.....	1	1	1	1	1	1	2
With postponed awards							
Number of awards (in thousands).....	727	543	474	69	184	60	124
Total percent.....	100	100	100	100	100	100	100
Receiving pension.....	19	20	20	18	16	14	17
Private pension, total.....	14	15	15	14	10	9	11
Public pension, total.....	5	5	5	5	6	5	6
Both private and public.....	(¹)	1	1	(¹)	(¹)	(¹)	(¹)
Not receiving pension.....	79	78	78	78	81	84	80
Not reported.....	2	2	2	4	3	2	3

¹ 0.5 percent or less.

following article may be used as a conservative measure of the variability of the data for the period July 1968–June 1970. The description of the study in the technical note presented on pages 25–28 serves both articles. Additional detail on concepts and methodology appears in the first article in the series.⁷

Pension Receipt and Expectations

Of the total 2.3 million persons newly entitled to OASDHI retirement benefits during the 24 months ending July 1970, an estimated 35 percent

⁷ Patience Lauriat and William Rabin, "Men Who Claim Benefits Before Age 65: Findings From the Survey of New Beneficiaries, 1968," *Social Security Bulletin*, November 1970.

were receiving a second pension or expecting to receive one from their most recent job (table 3). Those receiving or expecting a private pension account for 25 percent of all the newly entitled—31 percent of the men and 15 percent of the women.

Combining the numbers of persons who receive pensions with those expecting a pension from their most recent job involves some risk of overstating or of understating the number of all potential recipients. To the extent that persons expect deferred pensions from jobs held before their most recent one, combined figures understate total pension prospects.⁸ To the extent that persons who expect a pension from their most recent job are already receiving one, the combination of receipt and expectations overstates the total number of potential recipients' pensions.⁹ In fact, the understatement and overstatement are relatively small and partially offsetting.

Employment status.—Pension receipt rates vary considerably, as might be expected, for newly entitled persons who had stopped working and for those who were employed at the time of the survey (within 6 months of receipt of the initial benefit award). Men who had stopped working had the highest pension receipt rates: 38 percent were receiving a private pension and 12 percent a second public pension (table 3). Among women who had left their jobs, 14 percent and 10 percent, respectively, were receiving private and public pensions.

Pensions expectations, however, were much greater for those who were still employed than for those who had stopped working. The net effect is that about one-third of the employed men and one-fourth of the employed women were either receiving or expecting a second pension, compared with more than half the men and more than one-fourth of the women among the not-employed.

⁸ Fewer than 1 percent of the men or women had shifted from their longest job to their most recent job and were still expecting a deferred pension from the longest job. In addition, about 4 percent of the men and 3 percent of the women were covered by a pension plan on their most recent job but did not know or did not report whether they expected to receive a pension from that job. These groups are included among persons not expecting a pension. Both factors tend to underestimate the total number of potential recipients.

⁹ Data available for one 6-month period of the survey indicate that 3 percent of the men and 2 percent of the women were already receiving a pension and were expecting another from their most recent job.

TABLE 3.—Employment status and receipt and expectation of receipt of pension from most recent job: Percentage distribution of persons initially entitled to OASDHI retired-worker benefits by employment status at survey date and OASDHI benefit payment status at award, July 1968–June 1970 awards

Receipt, expectation, and type of pension	Total					Men					Women				
	Total	Not employed	Employed			Total	Not employed	Employed			Total	Not employed	Employed		
			Total	With payable awards	With postponed awards			Total	With payable awards	With postponed awards			Total	With payable awards	With postponed awards
Number of persons (in thousands).....	2,317	1,192	1,125	541	584	1,388	637	751	312	438	929	554	374	229	146
Pension receipt															
Total percent.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Receiving pension from any job.....	24	37	11	13	9	29	49	13	16	10	17	23	8	8	7
Private pension, total.....	17	27	6	7	6	21	38	8	9	7	10	14	4	4	4
Public pension, total.....	8	11	5	7	4	9	12	6	8	3	7	10	4	5	3
Both private and public.....	1	1	(¹)	1	(¹)	1	1	(¹)	1	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)
Not receiving pension.....	74	63	86	85	88	69	51	85	82	87	81	76	89	89	90
Not reported.....	1	(¹)	3	2	3	1	(¹)	2	2	2	2	1	3	3	4
Pension expectation															
Total percent.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Expecting pension from most recent job.....	11	5	18	6	29	13	7	19	5	28	9	4	16	7	31
Private pension, total.....	8	4	11	4	19	10	6	13	4	19	5	2	9	3	17
Public pension, total.....	4	1	6	2	10	4	1	6	1	9	4	2	7	3	14
Not expecting pension from most recent job.....	89	95	82	94	71	87	93	81	95	72	91	96	84	93	69
Wage and salary employees.....	74	87	59	67	52	66	82	52	57	49	84	91	74	80	62
Self-employed.....	15	8	23	27	19	21	11	29	38	23	7	5	10	13	7

¹ 0.5 percent or less.

Within the employed group, two categories can be identified: (1) working men and women earning above the limits of the "retirement" test when they establish entitlement to benefits and thus have their benefit awards postponed; (2) working men and women who continue working with earnings so low that they qualify immediately for payable OASDHI benefits.

Persons with postponed awards who were still working at the time of the survey account for 32 percent of the men and 16 percent of the women. When this group was surveyed, practically all of them considered themselves "not retired at all." For this nonretired group, expectation of a pension was much more common than actual receipt. Of the working men with postponed awards, 10 percent already had a supplementary pension, 19 percent expected a private pension, and 9 percent expected a second public pension from their current job. Another 23 percent of these men were self-employed and thus not eligible for coverage under employee group plans on their current jobs. Of the much smaller group of working women with postponed benefit awards, 17 percent expected a private

pension and 14 percent expected a public pension from their current job. Seven percent of the women in this group were self-employed.

Persons who continue working with earnings so low that they qualify for OASDHI benefits payable at award are least likely to have or to expect a second pension. They account for 23 percent of the newly entitled men and women and include a relatively large number of the self-employed. Among the total group of employed persons with payable awards, private pensions were received by 7 percent and expected by 4 percent, and public pensions were received by 7 percent and expected by 2 percent.

Age at entitlement to OASDHI benefits.—Workers who established entitlement to full OASDHI benefits at age 65 generally had better private pension prospects than those claiming early retirement benefits. The proportion of men who were receiving or expecting a private pension ranged from 27 percent of those entitled at age 62 to 35 percent of those entitled at age 65 (table 4).

For men who had stopped working the proportions ranged from 36 percent to 61 percent.

TABLE 4.—Age at entitlement to OASDHI benefits, and receipt and expectation of receipt of pension from most recent job: Percent of persons initially entitled to OASDHI retired-worker benefits by age at entitlement, employment status at survey date, and OASDHI benefit payment status at award, July 1968–June 1970 awards

Receipt, expectation, and type of pension	Men					Women				
	Total	62	63-64 ¹	65 ¹	66+	Total	62	63-64 ¹	65 ¹	66+
Total										
Number of persons (in thousands).....	1,388	433	366	544	45	929	486	185	217	41
Percent receiving pension from any job ²	29	31	32	25	45	17	14	22	19	18
Private pension, total.....	21	23	24	19	6	10	8	13	12	4
Public pension, total.....	9	9	9	6	39	7	7	9	7	14
Percent expecting pension from most recent job.....	13	4	10	23	2	9	3	11	20	2
Private pension.....	10	4	8	16	1	5	2	5	12	1
Public pension.....	4	1	3	7	1	4	1	6	9	1
Not employed										
Number of persons (in thousands).....	637	273	195	143	26	554	353	105	72	25
Percent receiving pension from any job ²	49	42	48	62	50	23	17	32	40	20
Private pension, total.....	38	32	38	52	11	14	9	21	29	5
Public pension, total.....	12	11	11	12	42	10	8	12	12	15
Percent expecting pension from last job.....	7	5	8	11	1	4	2	7	8	(³)
Private pension.....	6	4	6	9	1	2	1	3	5	(³)
Public pension.....	1	1	2	2	1	2	1	4	3	(³)
Employed, with benefit payable at award										
Number of persons (in thousands).....	312	160	106	27	19	229	134	52	28	16
Percent receiving pension from any job ²	16	13	15	26	39	8	6	10	13	13
Private pension, total.....	9	8	8	18	9	4	3	5	5	2
Public pension, total.....	8	6	7	9	35	5	4	5	8	12
Percent expecting pension from most recent job.....	5	4	7	10	3	7	6	8	8	4
Private pension.....	4	3	5	8	2	3	3	5	5	2
Public pension.....	1	1	2	2	(³)	3	3	3	4	2
Employed, with benefit postponed at award										
Number of persons (in thousands).....	438	---	65	374	---	146	---	28	118	---
Percent receiving pension from any job ²	10	---	9	10	---	7	---	5	7	---
Private pension, total.....	7	---	5	7	---	4	---	2	4	---
Public pension, total.....	4	---	4	4	---	3	---	3	3	---
Percent expecting pension from most recent job.....	28	---	23	29	---	31	---	29	31	---
Private pension.....	19	---	17	20	---	17	---	11	18	---
Public pension.....	9	---	5	10	---	14	---	18	13	---

¹ All persons with reduced postponed awards are included in the group aged 63-64; all with full postponed awards are included in the group aged 65. Pension data for persons with postponed awards are currently available only by reduced or full benefit status, but preliminary tabulations indicate that 82 percent of those with reduced awards were entitled at ages 63-64 and 96 percent of those with full benefit awards were entitled at age 65.

² Includes a small number of persons receiving both a private and a public pension.

³ 0.5 percent or less.

For men who kept working after receiving payable awards, the rate of private pension receipt or expectations was 11 percent for those entitled at age 62 and 26 percent for those aged 65 at entitlement.

Men's pension prospects, as might be expected, are more strongly associated with their employment status shortly after entitlement than their exact age at entitlement. Men who had stopped working were the most likely to receive or expect to receive pensions. Even the nonworking men entitled at the earliest possible age had better pension prospects than did employed men entitled at older ages. The higher rate of self-employment among working men accounts, in part, for their lower pension prospects. For many, however, the lack of pension rights may explain the need to remain in the labor force after entitlement to OASDHI benefits—though a need for income by no means assures access to a job.

Women entitled to OASDHI benefits at the earliest possible age have uniformly low rates of pension expectations or receipt. Thus, the contrast between men and women is greatest among those entitled at age 62 who had stopped working by the survey date—36 percent of the men but only 10 percent of the women had or expected private pensions in addition to their social security benefits. Like the men, women of all ages who continue working after receiving payable awards are very unlikely to have second pension rights.

The women who stopped working and became entitled at ages 63, 64, or 65 had the best pension prospects. They account for about 19 percent of the newly entitled women. More than 25 percent of this group were receiving or expecting to receive private pensions.

The small group—particularly among men—not entitled to retired-worker benefits until they are aged 66 or older have almost as good a prospect of receiving a second pension as men entitled in their sixty-fifth year. The older group of new beneficiaries is unique, however, in the high frequency with which they receive a second public pension from government, military, or railroad employment.