

# Benefit Levels of Newly Retired Workers: Findings From the Survey of New Beneficiaries

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*New retirees entering the OASDHI beneficiary rolls often have higher incomes than aged persons already on the rolls. New retirees with high benefits have the best prospects of receiving private pensions to supplement their benefits. Many of those now entering the rolls with very low retired-worker benefits are married women, whose husbands provide significant other sources of income. Yet, for most of the large group of men and non-married women with benefits in the broad middle range, retirement incomes still fall short of providing a moderate standard of living.*

THE SURVEY of Newly Entitled Beneficiaries (SNEB) was designed to investigate the circumstances surrounding older workers' decisions to claim social security benefits. This survey of individuals shortly after they claim their first retired-worker benefit also permits comparisons of the economic status of new beneficiaries (aged 62-65) with that of the aged population as a whole.

Clearly, the level of social security benefits is a major determinant of the financial status of the aged. In 1967, social security benefits made up more than a fourth of the aggregate income received by the aged population. Nearly 9 in 10 of those aged 65 and over were receiving social security benefits. For at least one-fourth of the beneficiary couples and two-fifths of the nonmarried, social security benefits were the major source of income.<sup>1</sup>

One of the BULLETIN articles on the findings of the 1968 Survey of the Aged examined the 1967 income of couples and nonmarried persons aged 65 or older with different levels of social security benefits.<sup>2</sup> This article has a similar focus with

respect to individuals aged 62-65 who were initially entitled to retired-worker benefits in the last half of 1969. Information reported by persons in the survey sample is merged with program data from their social security records. Like all survey data, the SNEB information is subject to sampling and response errors. Some preliminary estimates of sampling variability are given in the Technical Note at the end of this article.

## GENERAL BACKGROUND

In assessing the adequacy and equity of social security benefits for new beneficiaries, it is useful to review the methods for determining benefit amounts. The key concept in determining benefit amounts is the primary insurance amount (PIA).

### Primary Insurance Amount

A retired worker's primary insurance amount is the monthly benefit that he has earned on the basis of his past covered employment. His monthly benefit is equal to his PIA if he claims entitlement on or after his 65th birthday. If he claims entitlement before age 65, his benefit is actuarially reduced by 5/9 of 1 percent for each month he receives retirement benefits between age 62 and 65. At age 62 his benefit equals 80 percent of his PIA.

The PIA is also the basis for determining the benefit amounts paid to dependents of retired workers. The most common dependents of retired workers are wives, who receive from 37.5 to 50 percent of the husband's PIA, and widows, who receive from 71.5 to 82.5 percent of the deceased husband's PIA. Dependent family members may also include children under age 18 (under age 22 if in school), husbands, widowers, and parents.

*The PIA formula.*—A retired worker's PIA is based upon his average monthly earnings on which social security taxes were paid. For practically all persons now claiming retired-worker benefits, covered earnings are averaged for the

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<sup>1</sup> Lenore Bixby, "Income of the Aged: Overview from the 1968 Survey," *Social Security Bulletin*, April 1970.

<sup>2</sup> Patience Lauriat, "Benefit Levels and Characteristics, 1968 Survey of the Aged," *Social Security Bulletin*, August 1970.

years from 1950 through the year before reaching age 65 for men, or 62 for women.<sup>3</sup> The maximum amounts of covered earnings since 1950 are shown in table 1. The worker's 5 lowest earnings years are dropped before his average monthly earnings (AME) are computed. If he has more than 5 nonearning years in the period, the remaining zero earnings years must be included in the average.

TABLE 1.—Annual earnings rates, 1951–68

Year	OASDHI covered earnings			Year-round earnings	
	Maximum possible	Median amount		Federal minimum wage	Average for production and nonsupervisory employees
		Men	Women		
1951.....	\$3,600	\$2,838	\$1,192	\$1,560	\$3,009
1952.....	3,600	3,046	1,278	1,560	3,154
1953.....	3,600	3,275	1,357	1,560	3,316
1954.....	3,600	3,263	1,374	1,560	3,355
1955.....	4,200	3,315	1,351	1,560	3,521
1956.....	4,200	3,546	1,454	1,950	3,678
1957.....	4,200	3,538	1,544	2,080	3,813
1958.....	4,200	3,516	1,589	2,080	3,904
1959.....	4,800	3,783	1,634	2,080	4,097
1960.....	4,800	3,879	1,679	2,080	4,195
1961.....	4,800	3,936	1,742	2,182	4,295
1962.....	4,800	4,132	1,808	2,392	4,467
1963.....	4,800	4,266	1,856	2,392	4,600
1964.....	4,800	4,480	1,945	2,512	4,749
1965.....	4,800	4,685	1,984	2,600	4,943
1966.....	6,600	5,010	2,082	2,600	5,139
1967.....	6,600	5,190	2,260	2,888	5,296
1968.....	7,800	5,450	2,430	3,296	5,602
Average:					
18-year monthly.....	397	329	141	180	348
High 13-year monthly.....	431	355	154	200	377

<sup>1</sup> In private nonagricultural employment.

In the last half of 1969, the period for which data from SNEB are currently available, a worker's PIA was equal to:

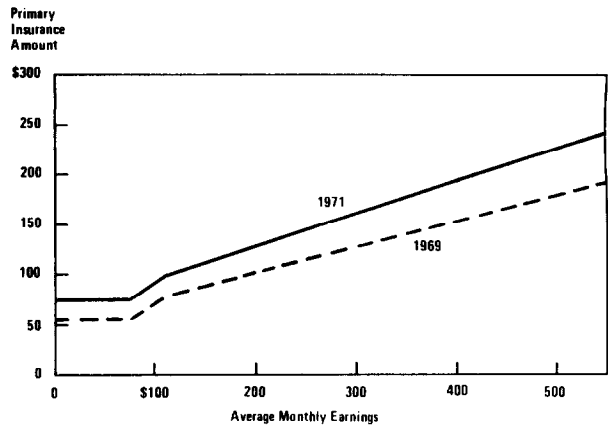
- 71.16 percent of his first \$110 of AME, plus
- 25.88 percent of AME from \$111 to \$400, plus
- 24.18 percent of AME from \$401 to \$550, plus
- 28.43 percent of AME from \$551 to \$650.

Benefit increases effective in 1970 and 1971 raised PIA's by 26.5 percent. The relationships between AME and PIA under the 1969 and 1971 formulas are illustrated in the accompanying chart.

Data presented here on persons awarded benefits in July through December 1969 classify bene-

<sup>3</sup> Earnings before 1951 may be included in the average if it is to the worker's advantage. In 1968, 9 percent of the men and 16 percent of the women awarded retired-worker benefits had pre-1951 earnings included in the computation of their average monthly earnings.

Relation of primary insurance amount to average monthly earnings in 1969 and 1971



ficiaries by 1969 PIA levels. Thus, income amounts understate 1971 social security income by about 26.5 percent. Relationships among PIA groups are not affected by the across-the-board benefit increase, however.

*Earnings in 1951–68.*—To provide context for discussing the AME of retired workers now entering the beneficiary rolls, it is useful to review the earnings of U.S. workers in the 18-year period 1951–68 (table 1).

A man aged 65 or a woman aged 62 in 1969 who earned the maximum in OASDHI covered employment each year since 1950 would have an AME of \$431, after the 5 lowest years (1951–55) are excluded. A person working year-round at the average wage for production and nonsupervisory workers in each of the 18 years would have average monthly earnings of \$377 in his 13 highest years. An individual who worked full time at the national minimum wage throughout the period would have average earnings of \$200 a month in his 13 highest years.

### New Retired-Worker Benefit Awards, July–December 1969

In the last half of 1969, 323,000 men and 224,000 women became entitled to OASDHI retired-worker benefits (table 2). The married men were the most likely to have earned high PIA's. More than 6 in 10 of them had AME above \$310, yielding PIA's of \$130 or more in 1969. Only 4 in 10 of the nonmarried men had comparable earnings records.

Married women had the lowest earnings records.

TABLE 2.—Primary insurance amount by sex and marital status: Percentage distribution of persons initially entitled to retired-worker benefits, July–December 1969

Primary insurance amount (PIA)	Average monthly earnings (AME) <sup>1</sup>	Men			Women		
		Total	Married	Nonmarried	Total	Married	Nonmarried
Total number (in thousands).....		323	266	57	224	126	97
Total percent.....		100	100	100	100	100	100
\$55.00.....	Less than \$75.....	6	6	9	23	28	17
55.10-69.90.....	75-97.....	5	4	11	9	11	7
70-84.90.....	98-136.....	6	5	12	12	14	10
85-99.90.....	137-193.....	8	7	12	12	13	11
100-114.90.....	194-249.....	6	6	6	11	10	12
115-129.90.....	250-309.....	10	10	10	10	7	12
130-144.90.....	310-365.....	11	12	9	8	6	10
145-159.90.....	366-426.....	33	35	22	8	6	10
160 or more.....	427 or more.....	15	16	9	7	3	10
Median.....		\$142.20	\$145.70	\$115.40	\$91.20	\$81.50	\$106.10

<sup>1</sup> Average monthly earnings from 1951 through the year before attaining age 65 for men (62 for women), minus the low 5 years.

Four in 10 of them had AME of less than \$100, yielding PIA's between \$55.00 and \$69.90. Three in 10 married women averaged earnings less than \$75 a month and were entitled to the minimum PIA of \$55.00.

Persons with AME between approximately \$100 and \$300—entitled to PIA's of \$70.00 to \$129.90—include nearly 3 in 10 of the married men, 4 in 10 of the nonmarried men, and slightly more than 4 in 10 of the women.

*Payment status.*—The SNEB sample of initial awards includes all persons who claim retired-worker benefits at ages 62–64 and picks up nearly all other workers at age 65 when they establish entitlement to hospital benefits under Medicare. Those individuals who continue working past age 65 with earnings above the limits of the OASDHI earnings test receive cash benefit awards in “postponed” status—that is, their benefits are withheld until the earnings test is met.<sup>4</sup>

Married men are the most likely and married women the least likely to be among those potential late retirees. In July–December 1969, the proportions of persons with benefits postponed were:

Marital status	Percent with benefits postponed
Men .....	41
Married .....	43
Nonmarried .....	28
Women .....	20
Married .....	11
Nonmarried .....	31

<sup>4</sup> In 1969, the regular benefit amount was payable for any month in which the beneficiary did not earn \$140 a month or perform substantial services in self-employment; \$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 above \$2,880.

Those with benefits postponed past their 65th birthday generally had more favorable earnings records than those claiming payable benefits between ages 62 and 65 (table 3).

The likelihood of receiving awards with benefits postponed increased directly with the PIA.

Amount of PIA	Percent with benefits postponed	
	Men	Women
\$55.00 .....	12	3
55.10-69.90 .....	11	10
70.00-99.90 .....	21	10
100.00-129.90 .....	35	31
130.00-159.90 .....	31	36
160.00 or more .....	84	53

For workers with high earnings, the reasons for postponing retirement are undoubtedly varied. The opportunity to raise their PIA's could be a factor for some. Recent amendments raising the maximum covered earnings base, together with the provision that permits substituting high earnings years after age 65 for earlier ones in computing PIA's, enable persons with high earning capacity after age 65 to raise their social security income when they do retire (or reach age 72 when benefits are paid regardless of earnings). A man reaching age 65 in 1969 with maximum covered earnings in every year since 1950, for example, would have a PIA of \$203.10 in 1971 if 1968 were the last year in which he worked (or \$160.50 at the time of the survey in 1969). If he kept earning at the maximum for 2 more years, his PIA at the 1971 rate would be \$217.40. His PIA under the 1971 rate would be \$260.60, however, if he continued earning at the maximum (scheduled to rise to \$9,000 in 1972) until he reaches age 72.

In July–December 1969, half the working men

TABLE 3.—Primary insurance amount, by benefit-payment status at award: Percentage distribution of persons initially entitled to retired-worker benefits, by sex and marital status, July–December 1969 awards

Primary insurance amount	Benefits payable at award			Benefits postponed		
	Total	Married	Non-married	Total	Married	Non-married
Men						
Total number (in thousands).....	192	151	41	131	115	16
Total percent.....	100	100	100	100	100	100
\$55.00.....	9	8	12	2	2	2
55.10–69.90.....	8	6	13	1	1	4
70.00–99.90.....	19	16	28	7	6	13
100.00–129.90.....	17	17	17	14	14	14
130.00–159.90.....	43	48	27	45	46	43
160.00 or more.....	4	5	2	31	32	24
Median.....	\$125.90	\$132.60	\$96.30	\$151.80	\$152.40	\$147.30
Women						
Total number (in thousands).....	181	112	68	44	14	30
Total percent.....	100	100	100	100	100	100
\$55.00.....	28	31	24	3	6	2
55.10–69.90.....	10	12	8	5	8	3
70.00–99.90.....	28	29	25	12	12	12
100.00–129.90.....	17	15	21	33	37	30
130.00–159.90.....	13	11	15	30	24	32
160.00 or more.....	4	2	6	18	13	20
Median.....	\$82.00	\$77.40	\$91.60	\$127.40	\$119.90	\$131.90

with benefits postponed were earning more than \$7,450 a year. Women reported median earnings of \$5,060. Since any covered earnings above their past average (which could be no more than \$431 a month for persons aged 62–65 in 1969) will help raise their PIA's, most of the workers with benefits postponed will increase their PIA's if they continue earning at their current rate.

*Age at entitlement to payable benefits.*—Of the 192,000 men and 181,000 women awarded payable benefits in the last half of 1969, nearly 85 percent received some reduction in their PIA's for claiming benefits before age 65 (table 4). More than half the men and nearly two-thirds of the women claimed entitlement at age 62 and had close to the full 20-percent actuarial reduction applied to their benefits. Only about 1 in 10 men and women became entitled at age 65.

The small group of men entitled at age 65 had PIA's only slightly lower than those of men with benefits postponed at that age. Nearly 7 in 10 received full benefits of \$130 or more.

The large group of men entitled at age 62 and receiving only about 80 percent of their PIA's had less favorable earnings records. For more than 4 in 10, PIA's were in the middle range—

from \$70 to \$130—reflecting AME's of about \$100–\$310. As table 1 shows, these earnings are about equivalent to 50–150 percent of the average full-time Federal minimum wage since 1950. The method of computing their AME, in addition to their lower earnings or less regular covered employment, tends to yield lower PIA's for men entitled at age 62 than for those at age 65. In averaging the covered earnings of men, the 5 lowest earnings years before age 65 are dropped. Thus, a man who claims benefits at age 62 must count the zero earnings years between age 62 and age 65 among the 5 years to be dropped. If he works during these years, his AME is automatically adjusted annually to include the additional earnings and his PIA may be raised accordingly.

Men entitled at age 63—with actuarial reductions of 13.3 percent to 7.2 percent—have PIA's

TABLE 4.—Primary insurance amount, by age at entitlement to payable benefits: Percentage distribution of persons initially entitled to retired-worker benefits, by sex, July–December 1969 awards

Primary insurance amount	Total	Age at entitlement to payable benefits					
		Aged 62–64			Aged 65 and over		
		Total	62	63	64	65	66 and over
Men							
Total number (in thousands).....	192	163	103	34	26	19	10
Percentage distribution.....	100	85	54	17	14	10	5
Total percent.....	100	100	100	100	100	100	100
\$55.00.....	9	7	7	7	6	9	47
55.10–59.90.....	8	8	9	8	3	4	11
70.00–84.90.....	9	8	10	7	5	5	15
85.00–99.90.....	10	11	12	10	9	5	5
100.00–114.90.....	8	8	9	9	6	3	6
115.00–129.90.....	10	11	11	10	11	7	3
130.00–144.90.....	12	12	13	12	9	12	7
145.00–159.90.....	31	33	29	37	43	34	2
160.00 or more.....	4	2	1	1	8	22	4
Median.....	\$126.00	\$126.10	\$120.30	\$129.90	\$145.10	\$147.80	\$58.60
Women							
Total number (in thousands).....	181	150	117	19	15	20	10
Percentage distribution.....	100	83	65	10	8	11	6
Total percent.....	100	100	100	100	100	100	100
\$55.00.....	28	28	30	23	16	21	47
55.10–69.90.....	10	11	12	7	8	9	8
70.00–84.90.....	14	15	16	14	9	8	14
85.00–99.90.....	13	13	14	13	12	15	9
100.00–114.90.....	10	10	9	8	15	13	5
115.00–129.90.....	8	7	6	8	16	12	3
130.00–144.90.....	6	6	6	9	7	6	5
145.00–159.90.....	7	6	5	12	9	10	5
160.00 or more.....	4	3	2	6	9	8	2
Median.....	\$82.10	\$81.30	\$77.70	\$92.40	\$105.60	\$98.40	\$58.90

slightly higher than those entitled at age 62. The PIA's of those entitled at age 64 are only slightly lower than those of men entitled at age 65.

The small number of men initially entitled to payable benefits at age 66 or older is a unique group. They missed receiving initial awards at age 65, perhaps because they did not establish entitlement to hospital insurance benefits under Medicare at age 65, or they did not have sufficient coverage to qualify for a cash benefit when they did file. Their PIA distribution is also unique, with nearly half of them entitled to only the minimum PIA—an indication that their AME's were less than \$75 a month. Many of these older men had earned second pensions under Federal, State, or local government employee plans.<sup>5</sup>

The PIA's of women generally reflect their characteristically lower wage levels and greater frequency of part-time or intermittent work. At all ages, PIA's of women cluster at the minimum and at the middle range (\$70 to \$130)—a reflection of AME's below \$75 or between \$100 and \$310.

Subsequent sections of this report focus on the PIA's of persons with benefits payable at award. Focusing on this group has certain limitations. Those awarded payable benefits include practically all persons claiming early retirement benefits but exclude many entitled at age 65 to high PIA's. About 4 in 5 men and 6 in 10 women among those entitled to full benefits had their benefits postponed at award. Many of those with benefits postponed have good prospects of raising their PIA's if they continue working at their current high earnings rates. When these workers were asked to assess their own retirement status, they usually considered themselves "not retired at all." In contrast, those with payable benefits usually considered themselves "retired" or "partly retired." It is for the latter group, with its high concentration of early retirees, that information is available on their resources and characteristics as they first enter the beneficiary rolls.

## DEMOGRAPHIC CHARACTERISTICS

The level of the PIA shows a direct relationship with characteristics such as education, race, urban-

<sup>5</sup> Patience Lauriat and William Rabin, "Men Who Claim Benefits Before Age 65," *Social Security Bulletin*, November 1970, page 13, table 7.

rural residence, physical ability to work, and occupation. Almost without exception, those at higher benefit levels are better-educated, are more often white, reside in metropolitan areas, have occupations with higher socioeconomic status, and are less subject to health problems that affect their work.

## Education

Two-thirds of the men with payable minimum benefits never attended high school (table 5). The 19 percent who completed high school include 8 percent who attended college. At the highest PIA level, however, fewer than 4 in 10 never attended high school. The 4 in 10 who completed high school include 2 in 10 who attended college.

Women's educational attainment exceeds that of men at all PIA levels. The proportion of high school graduates ranges from one-fourth of the women with payable minimum benefits to three-fourths of those with maximum PIA's of \$160 or more.

A number of factors may contribute to the difference in educational attainment between men and women entitled to retired-worker benefits. Women with sufficient labor-force attachment to qualify for retired-worker benefits are a fairly select group and may represent the better-educated women in their age bracket. In 1969, they represented just over half the women in the U.S. population approaching retirement age. In addition, lower-paying jobs, more frequent part-time work, or career interruptions because of family responsibilities may contribute to lower PIA's for women than for men with comparable educational backgrounds.

## Work Limitation

Men awarded payable benefits based on PIA's under \$100 more often than not have health problems that limit the kind or amount of work they can do. More than 6 in 10 of those with PIA's below \$100 reported some form of work limitation, compared with 3 in 10 with PIA's of \$160 or more. Similarly, the proportions reporting that their health prevents them from doing any work at all ranges from more than 20 percent of those with

TABLE 5.—Selected demographic characteristics, by primary insurance amount and benefit-payment status: Percentage distribution of persons initially entitled to retired-worker benefits, by sex, July–December 1969 awards

Characteristics	Benefits payable at award							Benefits postponed
	Total	\$55.00	\$55.10–69.90	\$70.00–99.90	\$100.00–129.90	\$130.00–159.90	\$160.00 or more	
<b>Education</b>								
<i>Men</i>								
Number (in thousands):								
Total.....	192	18	15	35	33	83	8	131
Reporting education.....	188	17	14	35	33	82	7	129
Total percent.....	100	100	100	100	100	100	100	100
Less than 7 years.....	22	40	33	30	22	14	10	12
7–8 years.....	32	26	35	33	30	35	28	30
9–11 years.....	18	15	13	15	20	20	21	17
12 years.....	14	10	11	12	16	15	21	18
13–15 years.....	7	5	3	6	6	9	7	10
16 years or more.....	6	3	5	4	6	7	13	14
<i>Women</i>								
Number (in thousands):								
Total.....	181	51	19	50	31	23	7	44
Reporting education.....	177	50	18	49	30	23	7	43
Total percent.....	100	100	100	100	100	100	100	100
Less than 7 years.....	14	20	15	16	11	5		7
7–8 years.....	27	30	31	29	27	18	9	25
9–11 years.....	22	23	20	25	22	18	13	20
12 years.....	19	16	22	17	22	27	16	25
13–15 years.....	10	8	9	10	12	15	18	13
16 years or more.....	7	3	4	3	6	17	44	11
<b>Work limitation</b>								
<i>Men</i>								
Number (in thousands):								
Total.....	192	18	14	35	33	83	8	131
Reporting work limitation.....	185	17	14	35	32	80	7	127
Total percent.....	100	100	100	100	100	100	100	100
No limitation.....	45	33	35	36	49	48	70	74
Limitation.....	55	67	65	64	51	52	30	26
Cannot work.....	19	25	24	21	16	18	14	2
Can work occasionally.....	24	29	31	29	23	21	4	6
Can work regularly.....	7	5	5	8	7	8	10	15
Not reporting.....	5	9	6	5	5	5	3	2
<i>Women</i>								
Number (in thousands):								
Total.....	181	51	19	50	31	23	7	44
Reporting work limitation.....	170	48	18	47	29	22	7	42
Total percent.....	100	100	100	100	100	100	100	100
No limitation.....	59	47	56	55	69	74	81	82
Limitation.....	41	53	44	45	31	25	19	18
Cannot work.....	16	23	17	18	9	7	1	1
Can work occasionally.....	15	18	17	17	12	6	8	4
Can work regularly.....	6	5	4	4	6	10	6	11
Not reporting.....	5	7	5	6	4	3	4	1
<b>Race</b>								
<i>Men</i>								
Total number (in thousands).....	192	18	15	35	33	83	8	131
Total percent.....	100	100	100	100	100	100	100	100
White.....	89	74	80	84	88	96	95	94
Negro and other races.....	11	26	20	16	12	4	5	6
<i>Women</i>								
Total number (in thousands).....	181	51	19	50	31	23	7	44
Total percent.....	100	100	100	100	100	100	100	100
White.....	88	82	85	88	92	96	98	95
Negro and other races.....	12	18	15	12	8	4	3	4

TABLE 5.—Selected demographic characteristics, by primary insurance amount and benefit-payment status: Percentage distribution of person initially entitled to retired-worker benefits, by sex, July–December 1969 awards—Continued

Characteristics	Benefits payable at award							Benefits postponed
	Total	\$55.00	\$55.10 69.90	\$70.00- 99.90	\$100.00- 129.90	\$130.00- 159.90	\$160.00 or more	
<b>Residence</b>								
<i>Men</i>								
Total number (in thousands).....	192	18	15	35	33	83	8	131
Total percent.....	100	100	100	100	100	100	100	100
Living in SMSA.....	62	49	45	49	61	71	86	71
Living outside SMSA.....	38	15	55	51	39	29	14	29
<i>Women</i>								
Total number (in thousands).....	181	51	19	50	31	23	7	44
Total percent.....	100	100	100	100	100	100	100	100
Living in SMSA.....	68	58	70	70	75	75	77	78
Living outside SMSA.....	32	42	30	30	25	25	23	22
<b>Employment status and most recent occupation</b>								
<i>Men</i>								
Total number (in thousands).....	192	18	15	35	33	83	8	131
Total percent.....	100	100	100	100	100	100	100	100
Employed.....	38	44	53	50	50	25	21	83
Not employed.....	62	56	47	50	50	75	80	17
Self employed.....	21	25	35	35	25	11	9	18
Employed.....	14	18	28	25	17	5	5	17
Not employed.....	7	7	7	10	9	6	4	1
Wage and salary:								
Professional, technical, and managerial.....	11	5	7	4	8	15	21	20
Employed.....	3	3	3	2	2	3	6	17
Not employed.....	8	2	5	2	7	11	15	3
Clerical and sales.....	9	11	7	5	9	11	15	12
Employed.....	3	5	2	2	5	3	2	10
Not employed.....	6	6	5	4	5	8	12	2
Craftsmen.....	18	12	7	10	13	24	31	19
Employed.....	4	1	2	2	6	5	3	14
Not employed.....	14	10	5	8	8	20	28	5
Operatives.....	18	9	9	13	15	24	20	15
Employed.....	5	2	4	6	7	4	4	12
Not employed.....	13	7	5	8	8	20	16	3
Service workers.....	10	12	11	16	15	7	2	8
Employed.....	4	4	5	6	7	3	1	7
Not employed.....	6	8	7	10	7	4	1	1
Laborers and foremen.....	12	23	22	17	11	8	3	5
Employed.....	5	10	10	8	6	2	1	4
Not employed.....	7	13	12	9	6	6	2	1
<i>Women</i>								
Total number (in thousands).....	181	51	19	50	31	23	7	44
Total percent.....	100	100	100	100	100	100	100	100
Employed.....	33	32	30	37	36	27	29	81
Not employed.....	67	68	70	63	64	73	71	19
Self employed.....	8	7	9	9	9	6	3	6
Employed.....	4	4	5	5	5	1	1	5
Not employed.....	4	3	4	4	4	5	3	1
Wage and salary:								
Professional, technical, and managerial.....	12	5	5	7	12	30	55	20
Employed.....	4	2	1	2	4	10	19	18
Not employed.....	8	3	3	5	8	20	36	2
Clerical and sales.....	29	22	26	32	32	36	19	40
Employed.....	6	4	4	7	9	10	6	30
Not employed.....	22	19	22	25	24	27	13	10
Craftsmen.....	2	1	1	1	2	2	7	1
Employed.....	(1)	1	(1)	(1)	(1)	(1)	2	1
Not employed.....	1	1	(1)	1	2	2	5	(1)
Operatives.....	20	16	18	21	27	20	13	19
Employed.....	5	2	3	6	10	4	4	14
Not employed.....	15	15	15	15	17	16	13	4
Services and household.....	26	43	35	27	16	3	2	13
Employed.....	13	18	15	15	8	1	2	11
Not employed.....	14	24	20	11	8	2	2	2
Laborers and foremen.....	2	4	3	2	(1)	1	(1)	1
Employed.....	1	2	(1)	1	(1)	(1)	(1)	1
Not employed.....	1	2	3	1	(1)	1	(1)	(1)

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

PIA's under \$100 to 13 percent of the men with maximum PIA's. Men with benefits postponed at award had the lowest incidence of health problems; only 8 percent reported that their health keeps them from working regularly.

Women at all PIA levels reported fewer work limitations than men did. The proportions with some form of work-limiting health condition range from 5 in 10 with minimum PIA's to 2 in 10 with maximum PIA's. Those who can't work at all account for 2 in 10 at the minimum PIA but represent practically none of those with PIA's at the maximum.

### **Race and Residence**

Persons of minority races are concentrated among those with low PIA's. They account for 26 percent of the men with minimum payable benefits but just 5 percent of the men with payable benefits at the maximum. Among the women, they make up 18 percent of those with minimum PIA's and just 3 percent with PIA's at the maximum.

Half the men with payable benefits based on PIA's under \$100 were living outside standard metropolitan statistical areas (SMSA's).<sup>6</sup> The proportion residing outside SMSA's drops to just 14 percent of those with payable awards at the maximum PIA. Among women, the proportions who were non-SMSA residents range from 42 percent with minimum PIA's to 23 percent with payable benefits at the maximum PIA.

### **Employment Status and Occupation**

Of men with payable awards, those with PIA's between the minimum and \$130 are the most likely to continue working. Half these men were still employed at the time of the survey. Half of the working men with PIA's under \$100 were self-employed.

The proportions of men whose most recent occupations were as white-collar workers, craftsmen, or operatives rise with PIA levels. Conversely,

<sup>6</sup> The Bureau of the Census defines a standard metropolitan statistical area as a county or group of counties that contains at least one city of 50,000, or twin cities with combined population of at least 50,000.

the proportions who were self-employed or wage earners in service and unskilled blue-collar occupations decline as PIA rises.

Women's occupational patterns show similar trends. The proportions in professional, technical, and managerial occupations rise dramatically at the highest PIA level. Clerical and sales workers and operatives are more numerous at PIA levels up to \$160. Service and household workers are fewer as the PIA goes up.

### **INCOME CHARACTERISTICS**

Income amounts from the SNEB represent annual rates of income received by persons shortly after they were notified of their OASDHI benefit awards. All persons were asked to report the monthly income they were receiving from private retirement pensions, social security benefits, and other public income-maintenance programs. Those who were working had the option of reporting their earnings as hourly, weekly, monthly, or annual rates. All earnings were converted to annual rates using the respondents' reports of their usual hours or weeks of work. Earnings of working spouses, as well as income from assets, were reported as annual rates. The total incomes of married persons newly entitled to OASDHI benefits include income received by their husbands or wives.

Total income amounts include social security income under 1969 benefit rates. Amendments effective in 1971 would have raised respondents' yearly social security incomes \$148-\$185 for those with minimum PIA's and \$409-\$511 for those with PIA's of \$160.

### **Total Income Amounts**

Low incomes were common among nonmarried men and women entering the beneficiary rolls. A few were relatively well-off: 15 percent reported incomes of \$5,000 or more shortly after they started receiving social security benefits. But about 32 percent of the men and 40 percent of the women had incomes below the poverty threshold in the index developed by the Social Security Administration (table 6). About half the non-married had incomes below a moderate standard



of living, as defined by the Bureau of Labor Statistics. In 1969, these thresholds for couples and nonmarried persons were:

Poverty status	Thresholds, 1969 <sup>1</sup>		
	Couples	Nonmarried	
		Men	Women
Poor.....	\$2,220	\$1,770	\$1,750
Near poor.....	2,770	2,220	3,190
Below BLS moderate standard of living.....	4,230	2,340	2,310

<sup>1</sup> For background on the poverty index, see Mollie Orshansky, "Counting the Poor" and "Who's Who Among the Poor," *Social Security Bulletin*, January and June 1965; for recent revisions, see the Bureau of the Census, *Current Population Reports: Consumer Income*, Series P-60, No. 76, 1970. For background on the "moderate" threshold, see the Bureau of Labor Statistics, *Retired Couple's Budget for a Moderate Living Standard* (Bulletin No. 1570-4), 1968; for recent revisions, see the Bureau of Labor Statistics, *Three Budgets for an Urban Retired Couple: Preliminary Spring 1969 Cost Estimates*, January 1970. The moderate "threshold" estimated here is adjusted by the rise in the Consumer Price Index between March and July 1969. The moderate threshold for nonmarried persons (at approximately 55 percent of that for a retired couple) is based on BLS data reported in *Revised Equivalence Scale* (Bulletin No. 1570-2).

For nonmarried persons, the incidence of poverty drops below 3 in 10, only when PIA's reach the upper ranges of \$130 or more. The nonmarried account for about a third of all new beneficiaries with PIA's below \$100, and these individuals more often than not were poor or near poor.

Married persons and their spouses, particularly married women and their husbands, were usually in a more favorable income position when they entered the beneficiary rolls. When the wife was the one who had recently claimed payable benefits, the couples had a median income of \$5,680, compared with \$4,940 for couples in which the husband was the sample person newly entitled to retired-worker benefits.

Married women made up half the new beneficiaries receiving the minimum PIA. These women together with their husbands (who may or

TABLE 6.—Total annual rate of income and poverty status, by primary insurance amount and benefit-payment status: Percentage distribution of persons initially entitled to retired-worker benefits, by sex and marital status, July–December 1969 awards

Income, sex, marital status, and poverty status	Benefits payable at award							Benefits postponed
	Total	\$55.00	\$55.10–69.90	\$70.00–99.90	\$100.00–129.90	\$130.00–159.90	\$160.00 or more	
<b>Married men and their wives</b>								
Number (in thousands):								
Total.....	151	13	9	24	26	72	7	115
Reporting income.....	121	10	8	19	20	58	5	94
Total percent.....	100	100	100	100	100	100	10	100
Less than \$1,000.....	2	5	8	6	7	2		( <sup>1</sup> ) 1
1,000–1,499.....	4	9	4	4	7	4		2
1,500–1,999.....	6	8	7	10	7	5		1
2,000–2,499.....	6	9	10	5	7	1		2
2,500–2,999.....	7	5	9	10	7	5		4
3,000–3,999.....	13	10	15	16	14	12		5
4,000–4,999.....	14	19	14	14	13	14		85
5,000 or more.....	49	35	34	34	45	58		
Median.....	\$4,940	\$4,200	\$3,710	\$3,900	\$4,690	\$5,680	\$7,200	\$9,270
Percent:								
Poor.....	14	26	23	22	17	8	( <sup>1</sup> )	3
Poor and near poor.....	21	34	34	30	25	14	2	5
Below moderate income level.....	41	50	36	54	45	30	14	11
<b>Married women and their husbands</b>								
Number (in thousands):								
Total.....	112	35	13	33	17	13	2	14
Reporting income.....	85	27	10	24	13	10	1	11
Total percent.....	100	100	100	100	100	100	100	100
Less than \$1,000.....	2	3	1	1	1	( <sup>2</sup> )		
1,000–1,499.....	2	4	2	1	( <sup>1</sup> )	( <sup>2</sup> )		
1,500–1,999.....	3	5	5	3	1	1		1
2,000–2,499.....	5	7	6	5	4	( <sup>2</sup> )		1
2,500–2,999.....	7	8	9	7	4	2		5
3,000–3,999.....	12	10	11	12	17	13		8
4,000–4,999.....	12	13	12	11	16	9		11
5,000 or more.....	57	50	53	60	56	74		74
Median.....	\$5,680	\$5,000	\$5,680	\$5,760	\$5,600	\$7,680	( <sup>1</sup> )	\$8,390
Percent:								
Poor.....	9	15	11	7	4	( <sup>2</sup> )		1
Poor and near poor.....	16	23	19	14	8	( <sup>2</sup> )		5
Below moderate income level.....	34	40	37	32	31	( <sup>2</sup> )		18

See footnotes at end of table.

may not be retired) had a median income of \$5,000. Married women also account for 40 percent of the new beneficiaries with PIA's above the minimum but below \$100—an indication that their AME's were less than \$200 a month. For half these women, their income combined with that of their husbands was more than \$5,700. Despite the generally favorable income position of most couples shortly after the wife claimed retired-worker benefits, about 1 in 10 were poor and 1 in 3 had incomes below the moderate standard of living for aged couples.

Married men account for about 20 percent of those entitled to minimum PIA's and 30 percent of those with PIA's between the minimum and \$100. These men are a very mixed group. About a third of them, together with their wives, have incomes of \$5,000 or more; another third are poor

or near poverty. Married men include nearly two-thirds of those with PIA's of \$130 or more; most of the married men in this group had at least a moderate standard of living.

Married men also include two-thirds of the group whose benefits were postponed at awards. These persons usually had not yet retired and had far higher incomes than those with payable benefits. Among married men and married women with postponed benefits, the median incomes of the couples were \$9,270 and \$8,390, respectively. For nonmarried men and women, the median incomes were \$6,580 and \$5,320, respectively.

### Sources of Income

For new beneficiaries with benefits payable at award, second pensions, earnings, and assets were

TABLE 6.—Total annual rate of income and poverty status, by primary insurance amount and benefit-payment status: Percentage distribution of persons initially entitled to retired-worker benefits, by sex and marital status, July–December 1969 awards—*Continued*

Income, sex, marital status, and poverty status	Benefits payable at award						Benefits postponed
	Total	\$55.00	\$55.10-69.90	\$70.00-99.90	\$100.00-129.90	\$130.00-159.90	
<b>Nonmarried men</b>							
Number (in thousands):							
Total.....	41	5	5	11	7	11	1
Reporting income.....	35	4	4	10	6	10	1
Total percent.....	100	100	100	100	100	100	100
Less than \$1,000.....	18	29	31	34	2	1	(2)
1,000-1,499.....	13	7	22	12	21	9	(2)
1,500-1,999.....	14	30	10	14	10	14	(2)
2,000-2,499.....	11	9	7	11	13	12	(2)
2,500-2,999.....	6	3		9	6	8	(2)
3,000-3,999.....	12	4	10	10	19	18	(2)
4,000-4,999.....	9	6	10	5	13	10	(2)
5,000 or more.....	15	9	8	4	12	28	(2)
Median.....	\$2,202	\$1,720	\$1,420	\$1,620	\$2,780	\$4,360	(2)
Percent:							
Poor.....	39	53	58	54	28	18	(2)
Poor and near poor.....	50	70	66	65	39	29	(2)
Below moderate income level.....	53	72	68	68	42	32	(2)
<b>Nonmarried women</b>							
Number (in thousands):							
Total.....	68	16	6	17	15	11	4
Reporting income.....	55	13	5	14	12	8	3
Total percent.....	100	100	100	100	100	100	100
Less than \$1,000.....	17	34	27	21	3		5
1,000-1,499.....	16	19	15	16	23	4	(1)
1,500-1,999.....	12	12	10	15	9	14	9
2,000-2,499.....	10	8	16	12	12	6	9
2,500-2,999.....	8	6	13	6	9	14	4
3,000-3,999.....	12	8	10	14	12	14	13
4,000-4,999.....	9	4	1	5	13	18	17
5,000 or more.....	14	5	4	9	17	27	44
Median.....	\$2,230	\$1,400	\$1,800	\$1,900	\$2,620	\$3,680	\$4,400
Percent:							
Poor.....	39	60	47	45	31	11	10
Poor and near poor.....	49	69	58	57	40	20	17
Below moderate income level.....	51	70	63	60	43	22	20

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

<sup>2</sup> Based on fewer than 50 sample cases.

the most common sources of income to supplement their social security benefits.

Private pensions were concentrated among men with high PIA's. About 25 percent of the married men and about 15 percent of the nonmarried men received such pensions, and these men rarely had PIA's below \$130 (table 7). More than 4 in 10 of the men with PIA's above this amount

had private pensions, as did 2 in 3 of the small number with PIA's of \$160 or more. Women with comparable PIA's were less likely to have earned private pensions.

The distribution of public employee pensions among PIA groups is influenced by the pension program provisions regarding social security coverage. Civilian employees of the Federal

TABLE 7.—Sources of income, by primary insurance amount and benefit-payment status: Percent reporting income from specified sources for persons initially entitled to retired-worker benefits, by sex and marital status, July–December 1969 awards

Sources of income, sex, and marital status	Benefits payable at award						Benefits postponed	
	Total	\$55.00	\$55.10–69.90	\$70.00–99.90	\$100.00–129.90	\$130.00–159.90		\$160.00 or more
<b>Married men</b>								
<i>Married men alone</i>								
Total number (in thousands) .....	151	13	9	24	26	71	7	115
Percent receiving:								
Earnings .....	38	47	58	54	51	26	19	84
Public pensions .....	13	52	23	13	11	6	5	4
Federal employee pensions .....	4	21	10	6	2	(1)	-----	1
State or local employee pensions .....	4	6	5	2	5	4	3	2
Railroad retirement .....	3	24	7	2	1	(2)	-----	(2)
Military retirement .....	2	3	1	2	3	1	2	1
Private pensions .....	26	6	3	1	4	45	65	14
Veterans' compensation .....	3	4	5	6	3	2	1	1
Unemployment insurance .....	3	(2)	2	1	3	5	6	1
Public assistance .....	1	3	5	4	(2)	(2)	-----	(2)
Income from assets .....	49	33	29	38	44	58	68	62
<i>Married men and their wives</i>								
Percent receiving:								
Earnings .....	52	61	71	67	66	40	29	88
Public pensions .....	14	54	24	13	11	7	6	6
Federal employee pensions .....	4	21	11	6	2	1	-----	1
State or local employee pensions .....	5	8	5	2	5	5	5	3
Railroad retirement .....	3	24	7	2	1	(2)	-----	(2)
Military retirement .....	2	3	1	2	3	1	2	1
Private pensions .....	27	7	4	2	5	47	66	15
Veterans' compensation .....	3	4	5	6	3	2	1	1
Unemployment insurance .....	4	1	3	2	4	5	5	1
Public assistance .....	2	4	7	4	(2)	1	-----	(2)
Income from assets .....	49	33	29	38	44	58	68	62
<b>Married women</b>								
<i>Married women alone</i>								
Total number (in thousands) .....	112	35	13	33	17	13	2	14
Percent receiving:								
Earnings .....	27	26	22	30	31	18	(2)	75
Public pensions .....	5	5	3	2	6	13	(1)	2
Federal employee pensions .....	1	2	-----	(2)	(2)	-----	(1)	(2)
State or local employee pensions .....	3	1	2	1	4	12	(1)	1
Railroad retirement .....	1	2	1	1	2	1	(1)	-----
Military retirement .....	(2)	-----	-----	-----	(2)	-----	(1)	-----
Private pensions .....	6	(2)	1	3	11	27	(1)	9
Veterans' compensation .....	1	1	1	(2)	(2)	-----	(1)	-----
Unemployment insurance .....	1	(2)	2	1	1	2	(1)	3
Public assistance .....	(2)	1	-----	(2)	-----	-----	(1)	-----
Income from assets .....	49	41	43	50	55	64	(1)	63
<i>Married women and their husbands</i>								
Percent receiving:								
Earnings .....	60	60	63	66	59	46	(1)	83
Public pensions .....	14	14	11	11	16	22	(1)	9
Federal employee pensions .....	5	7	4	3	4	4	(1)	3
State or local employee pensions .....	6	3	4	4	6	16	(1)	4
Railroad retirement .....	3	2	2	4	4	3	(1)	2
Military retirement .....	1	2	-----	(2)	2	1	(1)	(2)
Private pensions .....	20	18	13	14	24	41	(1)	22
Veterans' compensation .....	6	7	10	6	6	5	(1)	8
Unemployment insurance .....	2	1	4	2	2	3	(1)	4
Public assistance .....	1	2	2	1	(2)	-----	(1)	-----
Income from assets .....	49	41	43	50	55	64	(1)	63

See footnotes at end of table.

Government and railroad workers are not covered under the social security program. If they earn social security credits in other jobs, in addition to sufficient railroad or Federal service credits to qualify for a pension, they may receive benefits under both programs. Most who do qualify for both have very low PIA's.<sup>7</sup> Half the married men with minimum PIA's were receiving public pensions—usually from the Federal civil-service or railroad retirement system.

Most State and local government employees are covered under the social security program. Many of these employees also have coverage under their own staff retirement systems. As a result of their dual coverage these pension recipients usually have higher PIA's. Women with high PIA's were the most likely to have pension rights from State or local government service. About 1 in 8 of the women with PIA's between \$130 and \$159.90 had such pensions, as did 1 in 4 of the small group with PIA's of \$160 or more.

<sup>7</sup> For detailed information on OASDHI benefit status of Federal civil service annuitants, see Elizabeth Heidebreder, "Federal Civil-Service Annuitants and Social Security," *Social Security Bulletin*, July 1969.

New beneficiaries rarely received support from other types of public income-maintenance programs. Veterans' compensation payments did help to raise the incomes of about 1 in 8 non-married men with PIA's below \$70. A similar proportion of the nonmarried women with minimum PIA's received public assistance.

Continuing employment is a common method of supplementing social security benefits among early retirees. Except for the married women, about 4 in 10 of the persons with payable benefit awards kept working. Fewer than 3 in 10 married women continued to work. For all groups, the propensity to continue working was highest at PIA levels where pension receipt rates were lowest.

Married couples had the best prospects—and nonmarried men the poorest—of owning income-yielding assets. The most common form of asset income was interest from savings accounts or dividends, and the amounts of such income were usually small. For all groups, the chances of having any asset income increased directly with PIA levels. The range was from 33 percent to 68 percent among married men, 41-64 percent

TABLE 7.—Sources of income, by primary insurance amount and benefit-payment status: Percent reporting income from specified sources for persons initially entitled to retired-worker benefits, by sex and marital status, July-December 1969 awards—Continued

Sources of income, sex, and marital status	Benefits payable at award						Benefits postponed	
	Total	\$55.00	\$55.10-69.90	\$70.00-99.90	\$100.00-129.90	\$130.00-159.90		\$160.00 or more
Nonmarried persons								
<i>Men</i>								
Total number (in thousands) .....	41	5	5	11	7	11	1	16
Percent receiving:								
Earnings.....	38	37	45	42	46	25	(?)	77
Public pensions.....	8	19	15	3	9	6	(?)	8
Federal employee pensions.....	2	5	6	(?)	2	-----	(?)	3
State or local employee pensions.....	3	5	4	1	5	4	(?)	1
Railroad retirement.....	2	8	4	(?)	-----	1	(?)	2
Military retirement.....	1	1	-----	(?)	2	1	(?)	1
Private pensions.....	15	4	-----	2	11	41	(?)	14
Veterans' compensation.....	5	12	12	5	1	2	(?)	2
Unemployment insurance.....	4	1	-----	3	2	10	(?)	2
Public assistance.....	4	6	7	7	-----	1	(?)	-----
Income from assets.....	35	17	34	19	38	52	(?)	49
<i>Women</i>								
Total number (in thousands) .....	68	16	6	17	14	10	4	30
Percent receiving:								
Earnings.....	44	46	49	52	42	38	22	84
Public pensions.....	11	16	13	6	5	13	23	4
Federal employee pensions.....	2	7	4	1	1	-----	-----	2
State or local employee pensions.....	5	4	2	2	3	11	23	2
Railroad retirement.....	3	4	6	4	1	2	-----	-----
Military retirement.....	(?)	2	-----	-----	-----	(?)	-----	-----
Private pensions.....	11	1	1	3	13	29	42	11
Veterans' compensation.....	3	2	2	5	3	1	-----	1
Unemployment insurance.....	2	(?)	-----	2	6	3	1	2
Public assistance.....	5	12	7	4	2	-----	-----	-----
Income from assets.....	44	32	28	33	49	67	80	57

<sup>1</sup> Based on fewer than 50 sample cases.

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

among married women, 17–52 percent among nonmarried men, and 32–80 percent among nonmarried women. The median return from income-yielding assets for those who owned them is shown below:

Marital status	Median asset income of those with PIA's—	
	Under \$130	\$130 or more
Married men.....	\$570	\$700
Married women.....	450	740
Nonmarried men.....	460	520
Nonmarried women.....	280	540

*Sources of spouses' income.*—The resources of the husbands help to explain the favorable income position of married women entering the beneficiary rolls. A third of the married women beneficiaries were not working themselves but had working husbands. Altogether 6 in 10 married women had earnings from their own work or their husbands' or both. Similarly, about 20 percent of the married women beneficiaries were not entitled to second pensions, but their husbands were. Altogether, for about a third of the married women the couples' income included a pension from their own or their husbands' careers, or from both.

For some of the married men coming on the rolls, wives also contributed to the incomes of the couple. About 14 percent of the men did not work but had wives who did. Altogether, 52 percent of the married men had earnings from their own work or their wives' work or both. Wives rarely had pensions in their own right.

### Income from Earnings

The people who kept working after receiving payable benefits were usually earning less than \$2,000 a year. Median earnings of the new beneficiaries who worked were: For married men, \$1,800; nonmarried men, \$1,520; married women, \$1,480; and nonmarried women, \$1,640.

The earnings contributed by spouses were often higher. Half the husbands and 28 percent of the wives of persons awarded payable benefits were still working. As the tabulation that follows indicates, about 15 percent of the married beneficiaries had two earners in the family.

Work status	Percent of married persons with benefits payable	
	Men	Women
With earnings income.....	52	60
Only respondent works.....	24	12
Only spouse works.....	14	34
Both work.....	14	15
No earnings income.....	48	39

When spouses' earnings are included, the couples' median income from earnings was \$5,450 among the married women with at least one worker in the family. For the married men, the couples' median earnings amounted to \$3,330 (table 8).

For all new beneficiaries with earnings income, the amount of such income increased with PIA levels. Persons with PIA's of \$130 or more were the least likely to work, but those who did earned considerably more than workers with smaller PIA's. Two factors help explain the association between PIA and current earnings levels. Since PIA is an indicator of past earning capacity, it is not surprising that past differentials in earnings power continue in postentitlement employment. Furthermore, because of the annual earnings offset provisions of the earnings test a worker entitled to high benefits may earn more than one entitled to low benefits and still receive payable benefits during some of the year.<sup>8</sup>

For married women, earnings income of the couple is high at all PIA levels. Since, more often than not, her husband is the worker, neither her earning capacity nor her status under the earnings test had a major influence on the earnings income of the couple.

### Retirement Income

Retirement income is defined here to include the fairly permanent sources of nonearned income: social security benefits, other employee retirement pensions, and income from assets. The

<sup>8</sup> Under the earnings test in 1969 a worker with a monthly benefit of \$160 can earn up to \$350 a month throughout the year before all his benefits are withheld. (If his wife were entitled at age 65 to a benefit on his earnings record, he could earn up to \$430 a month before all their combined benefits would be withheld.) In contrast, a worker entitled to a \$50 benefit would have all his benefits withheld if he earned \$240 a month throughout the year.

TABLE 8.—Annual rate of income from earnings, by primary insurance amount: Percentage distribution of persons initially entitled to retired-worker benefits, by sex and marital status, July–December 1969 awards

Earnings income, sex, and marital status	Primary insurance amount						
	Total	\$55.00	\$55.10–69.90	\$70.00–99.90	\$100.00–129.90	\$130.00–159.90	\$160.00 or more
Married men and their wives							
Total number (in thousands).....	151	13	9	24	26	72	7
Total percent.....	100	100	100	100	100	100	100
No earnings income.....	48	39	29	33	34	60	71
With earnings income.....	52	61	71	67	66	40	29
Reporting amount.....	44	53	63	57	52	34	23
Less than \$1,000.....	6	21	9	6	6	3	3
1,000–1,680.....	6	11	13	11	8	4	4
1,681–2,499.....	5	2	13	11	5	2	2
2,500–3,999.....	8	7	16	14	12	6	3
4,000–4,999.....	4	5	5	5	6	3	1
5,000–7,499.....	6	4	5	4	6	7	5
7,500–9,999.....	4	2	1	2	4	5	4
10,000 or more.....	4	1	2	4	5	4	5
Median of recipients reporting amount.....	\$2,330	\$1,400	\$2,330	\$2,600	\$3,420	\$4,680	(1)
Married women and their husbands							
Total number (in thousands).....	112	35	13	33	17	13	2
Total percent.....	100	100	100	100	100	100	100
No earnings income.....	40	40	38	34	41	54	(1)
With earnings income.....	60	60	62	66	59	46	(1)
Reporting amount.....	50	50	50	54	48	39	(1)
Less than \$1,000.....	4	8	3	3	2	1	(1)
1,000–1,680.....	5	6	6	7	3	2	(1)
1,681–2,499.....	3	5	2	2	2	1	(1)
2,500–3,999.....	5	4	7	6	6	1	(1)
4,000–4,999.....	4	4	1	5	6	2	(1)
5,000–7,499.....	12	9	15	16	11	12	(1)
7,500–9,999.....	8	7	8	8	7	8	(1)
10,000 or more.....	8	6	8	7	10	11	(1)
Median of recipients reporting amount.....	\$5,450	\$4,390	\$6,220	\$5,410	\$6,070	\$7,280	(1)
Nonmarried men							
Total number (in thousands).....	41	10		11	7		12
Total percent.....	100	100		100	100		100
No earnings income.....	62	59		58	54		74
With earnings income.....	38	41		42	46		26
Reporting amount.....	32	34		36	44		20
Less than \$500.....	4	6		2	9		2
500–999.....	6	10		8	5		(2)
1,000–1,680.....	8	9		11	10		4
1,681–2,499.....	4	5		6	6		1
2,500–3,999.....	4	3		8	6		1
4,000–4,999.....	1			1	2		1
5,000 or more.....	4	1			5		11
Median of recipients reporting amount.....	\$1,520	\$1,130		\$1,520	\$1,600		(1)
Nonmarried women							
Total number (in thousands).....	68	16	5	17	15		15
Total percent.....	100	100	100	100	100		100
No earnings income.....	56	53	51	48	58		67
With earnings income.....	44	47	49	52	42		33
Reporting amount.....	36	39	44	42	36		25
Less than \$500.....	4	8	6	5	1		
500–999.....	5	11	7	7	1		1
1,000–1,680.....	10	10	16	13	9		3
1,681–2,499.....	6	5	10	7	6		4
2,500–3,999.....	5	2	1	6	12		3
4,000–4,999.....	1			1	4		1
5,000 or more.....	5	2	3	2	4		12
Median of recipients reporting amount.....	\$1,640	\$1,010	(1)	\$1,520	\$2,660		\$4,960

<sup>1</sup> Based on less than 50 sample cases.

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

generally low levels of retirement income emphasize the importance of earnings in raising the incomes of today's early retirees.

Returns on past work, savings, or investments usually are insufficient, together with social security benefits, to keep nonmarried persons out of poverty. About 4 in 5 of the nonmarried with PIA's below \$100 would be poor if they had to rely on their retirement income alone (table 9). Many of these persons do not have earnings to supplement retirement incomes and are poor. Only at the upper end of the benefit structure, where the best chances of having second pensions occur, is retirement income above the poverty threshold for the majority of nonmarried persons.

Married persons have somewhat higher incomes from retirement benefits and asset income. But for the large majority, these sources alone do not provide a moderate standard of living. Two

in 3 married men with PIA's above the minimum but below \$130 would be poor if they had had to rely on their own and their wives' retirement incomes at the time of the survey. For only about 1 in 6 with PIA's between the minimum and \$130 does retirement income include a second pension.

The higher retirement incomes of the married men at the extreme ends of the PIA structure reflect their more frequent receipt of second pensions. As table 7 shows, about half the married men with PIA's above \$130 have private pensions; half those with minimum PIA's receive other public pensions. Thus, married men with minimum PIA's emerge as a very mixed group. Their median retirement income far exceeds that of other married men with PIA's below \$130. More than a third of them have retirement incomes of at least \$4,000—as do nearly half the married men with PIA's of \$130 or more. Yet 1 in 4

TABLE 9.—Annual rate of retirement income, by primary insurance amount: Percentage distribution of persons initially entitled to retired-worker benefits, by sex and marital status, July-December 1969 awards

Retirement income, sex, and marital status	Primary insurance amount						
	Total	\$55.00	\$55.10- 69.90	\$70.00- 99.90	\$100.00- 129.90	\$130.00- 159.90	\$160.00 or more
Married men and their wives							
Number (in thousands):							
Total.....	151	13	9	24	26	72	7
Reporting income.....	126	11	8	20	21	60	5
Total percent.....	100	100	100	100	100	100	100
Less than \$1,000.....	13	26	49	34	6	3	2
1,000-1,499.....	14	10	10	20	32	7	3
1,500-1,999.....	12	6	4	14	16	13	1
2,000-2,499.....	9	4	8	8	13	9	3
2,500-2,999.....	7	5	4	3	9	8	3
3,000-3,999.....	12	13	8	4	7	16	13
4,000-4,999.....	11	15	7	5	5	14	19
5,000 or more.....	23	20	9	10	11	31	55
Median.....	\$2,670	\$2,840	\$1,040	\$1,390	\$1,870	\$3,580	\$5,350
Percent with retirement income below—							
Poverty threshold.....	42	44	66	78	59	26	8
Moderate income level.....	69	68	85	86	85	59	31
Married women and their husbands							
Number (in thousands):							
Total.....	112	35	13	33	17	13	2
Reporting income.....	91	30	11	26	14	10	1
Total percent.....	100	100	100	100	100	100	100
Less than \$1,000.....	23	33	34	23	7	3	23
1,000-1,499.....	12	12	11	10	18	8	(1)
1,500-1,999.....	9	8	10	11	9	8	(1)
2,000-2,499.....	9	6	7	13	13	5	(1)
2,500-2,999.....	8	7	7	12	8	4	(1)
3,000-3,999.....	14	10	12	12	18	26	(1)
4,000-4,999.....	8	7	9	7	10	8	(1)
5,000 or more.....	17	16	9	12	17	39	(1)
Median.....	\$2,320	\$1,770	\$1,760	\$2,200	\$2,660	\$3,890	(1)
Percent with retirement income below—							
Poverty threshold.....	48	56	58	49	40	20	(1)
Moderate income level.....	77	79	84	82	76	54	(1)

See footnote at end of table.

married men with the minimum and half the others with PIA's below \$130 appear to have little retirement income other than their own social security benefits.

Some of the couples with the husband recently claiming payable benefits will have an increment in their retirement incomes when the wife claims her social security benefits. Six in 10 wives were still too young to receive benefits when their husbands claimed them:

Spouse's receipt of retirement benefits	Married persons with payable benefits	
	Men	Women
Total percent.....	100	100
Spouse under age 62.....	61	23
Receiving retirement benefits.....	10	4
Not receiving retirement benefits.....	50	19
Spouse aged 62 or over.....	39	77
Receiving retirement benefits.....	30	56
Not receiving retirement benefits.....	8	20

These wives will be entitled to 37.5 percent of their husbands' PIA at age 62 or to 50 percent of his PIA at age 65. Some of them may become entitled to a higher benefit on their own work records.

Married women who did claim retired-worker benefits had median incomes from their own and their husbands' retirement benefits and assets that ranged from \$1,770 for those with minimum PIA's to \$3,890 for those with PIA's of \$130 or more. About 4 in 10 of their husbands were not yet drawing retirement benefits. Nearly one-fourth of these men were too young to claim social security benefits when their wives did. The income distributions suggest that married women with low PIA's were the least likely to have retirement income other than their own social security benefits. For about a third of the women with PIA's below \$130, their own social security

TABLE 9.—Annual rate of retirement income, by primary insurance amount: Percentage distribution of persons initially entitled to retired-worker benefits, by sex and marital status, July–December 1969 awards—*Continued*

Retirement income, sex, and marital status	Primary insurance amount						
	Total	\$55.00	\$55.10–60.90	\$70.00–99.90	\$100.00–129.90	\$130.00–159.90	\$160.00 or more
<b>Nonmarried men</b>							
Number (in thousands):							
Total.....	41	5	5	11	7	11	1
Reporting income.....	35	4	4	10	6	10	
Total percent.....	100	100	100	100	100	100	( <sup>1</sup> )
Less than \$1,000.....	39	67	68	70	12	12	( <sup>1</sup> )
1,000–1,499.....	18	2	5	19	46	14	( <sup>1</sup> )
1,500–1,999.....	12	11	3	4	9	27	( <sup>1</sup> )
2,000–2,499.....	7	4	9	3	6	12	( <sup>1</sup> )
2,500–2,999.....	4	3	2	2	5	6	( <sup>1</sup> )
3,000–3,999.....	8	3	4	1	13	16	( <sup>1</sup> )
4,000–4,999.....	3	4	5	1	1	5	( <sup>1</sup> )
5,000 or more.....	8	7	5	1	7	16	( <sup>1</sup> )
Median.....	\$1,300	\$870	\$860	\$860	\$1,410	\$2,250	( <sup>1</sup> )
Percent with retirement income below—							
Poverty threshold.....	63	74	75	91	63	30	( <sup>1</sup> )
Moderate income level.....	74	83	83	95	72	52	( <sup>1</sup> )
<b>Nonmarried women</b>							
Number (in thousands):							
Total.....	68	16	6	17	14	11	4
Reporting income.....	55	14	4	14	12	8	3
Total percent.....	100	100	100	100	100	100	100
Less than \$1,000.....	39	71	72	50	8	6	8
1,000–1,499.....	23	10	12	29	51	11	
1,500–1,999.....	11	4	3	11	12	26	14
2,000–2,499.....	6	1	7	3	13	6	10
2,500–2,999.....	6	4	1	2	4	20	5
3,000–3,999.....	5	4	2	2	4	10	19
4,000–4,999.....	4	2	4	1	4	10	14
5,000 or more.....	6	4	1	2	4	11	29
Median.....	\$1,240	\$860	\$850	\$1,000	\$1,400	\$2,500	\$3,450
Percent with retirement income below—							
Poverty threshold.....	68	83	85	85	65	30	15
Moderate income level.....	77	86	91	92	80	47	29

<sup>1</sup> Based on less than 50 sample cases.



benefits account for most of the couples' retirement income. Only about 1 in 6 of the women with PIA's of \$130 or more appears to have neither a pension nor a husband's retirement benefit to supplement her own social security income at the time of the survey.

### COMPARISONS WITH OTHER DATA

Information from the 1968 Survey of the Aged, as well as operating statistics from the OASDHI program, provides useful comparisons with the SNEB information about newly entitled beneficiaries. Development of precise links between the two surveys—with their different sample designs, time periods, and age distribution—is beyond the scope of this paper. Some inferences about benefit levels can be drawn, however, from comparisons of independent findings of the two studies.<sup>9</sup>

#### Income and Other Resources of Retired Workers

Persons entering the rolls at ages 62–65 in 1969 generally report higher incomes at all PIA levels than did the beneficiary couples and nonmarried persons aged 65 or older who were included in the 1968 Survey of the Aged. Several factors contribute to the income differentials. The 1967 income data from the 1968 Survey were collected before a 13-percent social security benefit increase became effective in 1968.<sup>10</sup> The 13-percent benefit increase—amounting to less than \$200 for a single beneficiary and less than \$300 for a husband and dependent wife—does not, however, account for the major difference in incomes reported in the two surveys.

New beneficiaries entering the rolls at ages 62–65 are more likely than the aged already on the rolls to supplement their social security benefits with earnings (table 10). The proportions of nonmarried persons with earnings are about twice

TABLE 10.—Selected income characteristics of retired-worker beneficiaries, couples, and nonmarried persons, 1968 Survey of the Aged and SNEB, July–December 1969

Source of income	Retired-worker beneficiaries	
	Units aged 65 and over, 1968 Survey of the Aged	Persons with payable awards, July–December 1969, SNEB <sup>1</sup>
<b>Married couples:</b>		
Median income.....	\$3,200	\$4,940
Percent with earnings income.....	43	52
Percent with public pensions.....	9	14
Percent with private pensions.....	21	27
<b>Nonmarried men:</b>		
Median income.....	\$1,740	\$2,200
Percent with earnings income.....	19	38
Percent with public pensions.....	7	8
Percent with private pensions.....	15	15
<b>Nonmarried women:</b>		
Median income.....	\$1,410	\$2,230
Percent with earnings income.....	21	44
Percent with public pensions.....	8	11
Percent with private pensions.....	8	11

<sup>1</sup> Data for couples from SNEB are for couples in which the husband was the sample person newly entitled to benefits. For 9 in 10 beneficiary couples in the 1968 Survey the husband was a beneficiary.

as high among new beneficiaries as among retired workers 65 or older. Couples entering the rolls are also somewhat more likely to have second pensions.

#### PIA's of Men

Men newly entitled to retired-worker benefits generally have higher PIA's than aged men already on the rolls. Program data and the 1968 Survey show that the median age of men already on the rolls is about 72. The tabulation below shows that their median PIA, adjusted to the 1971 benefit rate, is about \$150.

Type of beneficiary	Men entitled to retired-worker benefits		
	Median age	Median PIA	
		Under 1969 formula	Adjusted to 1971 formula
Aged 62 and over and on the rolls, December 1968.....	72	\$120	\$152
Aged 65 and over and on the rolls, 1968 Survey.....	73	119	150
<b>Initially entitled to benefits, July–December 1969:</b>			
Total.....	63	142	180
With benefits payable.....	62	126	159
With benefits postponed.....	65	152	193

In contrast, men aged 62–65 and newly entitled to retired-worker benefits have a median PIA of about \$180. Those claiming benefits payable at

<sup>9</sup> Lenore E. Bixby, *op cit.*, and Patience Lauriat, *op cit.*

<sup>10</sup> The two surveys also used different methods for obtaining annual income data. The Survey of the Aged obtained retrospective information on total income received in calendar year 1967. The SNEB estimates annual rates of income, based on sources received by the respondents at the time of the survey.

award—including practically all those entitled to reduced benefits but only 1 in 5 who may ultimately draw full benefits—have a median PIA of \$159.

The relative value of older retirees' PIA's, which are based on more distant past earnings rates, declines as rises in earnings levels are accompanied by increases in the maximum covered earnings base. Under the 1971 law, the maximum PIA for a man who stopped working at age 65 in the following years would be:

Year attained 65 and stopped working in January	Maximum AIME	Maximum PIA (1971 benefit rate)
1950.....	\$250	\$145.60
1955.....	300	160.90
1960.....	365	182.20
1965.....	380	188.50
1970.....	450	208.80
1975.....	515	228.80
1980.....	565	245.50
1990.....	620	264.50

Thus, the maximum PIA attainable for a worker who retired 20 years ago is \$63.20 less than that attainable for 65-year-old men retiring today. A man now aged 75 who retired 10 years ago with the maximum PIA would receive \$26.60 less than the maximum for today's 65-year-old retirees. Similarly, a worker who will retire at age 65, 20 years from now, could have a PIA \$55.70 higher than that attainable at age 65 today.

### Women Beneficiaries

Information on benefit levels from SNEB and that from the 1968 Survey of the Aged classify women in different ways. In the 1968 Survey, married couples are classified according to the husband's PIA unless only the wife was drawing benefits. As a result, the PIA's of married women usually are not included in the PIA distributions of aged units. In contrast, SNEB includes all individuals, regardless of sex or marital status, at the time they become entitled to retired-worker benefits. Wives insured as retired workers are thus included in the SNEB sample.<sup>11</sup>

<sup>11</sup> A wife entitled to retired-worker benefits based on her own work record is considered a retired worker though she may be entitled to a larger amount as a wife on her husband's account. If her wife's benefit is the large, her retired-worker benefit is supplemented up to the amount of her wife's benefit.

Nonmarried women without insured status, who draw benefits as dependent widows and are counted as beneficiary units in the Survey of the Aged, are not included in the sample of newly entitled beneficiaries. The different compositions of the two survey populations of beneficiaries are shown below.

Type of beneficiary	1968 Survey of the Aged		SNEB, July-December 1969	
	Total units	With benefits based on minimum PIA	Total retired workers	With minimum PIA's
Total number (in thousands).....	12,409	2,581	547	72
Total percent.....	100	100	100	100
Retired workers:				
Married men <sup>1</sup> .....	36	22	49	20
Nonmarried men.....	16	14	10	7
Married women <sup>1</sup> .....	3	2	23	49
Nonmarried women.....	26	49	18	23
Dependent widows <sup>2</sup> .....	19	14		

<sup>1</sup> Data on aged units from the 1968 Survey include couples under "married men" unless only the wife was drawing benefits. SNEB data on individuals count each married retired worker, regardless of the spouse's benefit status.

<sup>2</sup> Widows not entitled to retired-worker benefits who are entitled to a benefit on their deceased husbands' earnings records.

Both surveys reveal that women account for the large majority of persons with minimum benefits. The 1968 Survey of the Aged shows that nonmarried women entitled as retired workers account for half the aged units receiving benefits based on the minimum. Widows whose husbands earned only minimum coverage account for another 14 percent. SNEB reveals that 7 in 10 persons entering the retired-worker benefit rolls with minimum PIA's are women. Two in 10 of the women are nonmarried and 5 in 10 are married when they enter the rolls.

*Married women with minimum retired-worker benefits.*—The incomes of married women entering the rolls with minimum PIA's contrast dramatically with those of nonmarried women who earned minimum PIA's. The SNEB findings show that the married women along with their husbands, have a median income of \$5,000; husbands' resources largely account for their high incomes. Although 6 in 10 have earnings income, only about one-fourth of the wives themselves are working. Approximately 3 in 10 have income from second pensions, but just 5 percent of the wives are pension recipients. Apparently the large majority of married women who enter the rolls with minimum PIA's are dependent on their husbands for most of their support.

It is useful to compare wives entitled to minimum PIA's with other wives not entitled to retired-worker benefits. In order to qualify for minimum retired-worker benefits in 1969, a woman must have worked at least 4½ years in covered employment since 1936 and averaged covered earnings since 1950 of less than \$75 a month.

Program statistics for 1969 show that 289,000 married women did not qualify for retired-worker benefits but were awarded dependent wives' benefits based on the work records of their husbands. Data from SNEB show that a total of 257,000 married women did qualify for retired-worker benefits in 1969; of these, 72,000 were entitled to the minimum PIA. Thus, dependent wives who lack insured status outnumber wives entering the rolls with minimum PIA's by 4 to 1. Wives who meet even the minimum requirements for insured status have definite advantages over other wives claiming benefits:

Their receipt of benefits is independent of their husbands' retirement status, so they may start receiving benefits before their husbands do. Dependent wives may not. The high earnings income and low retirement income of many couples in which the wife claimed a benefit at the minimum suggests that her benefits often are supplements to the husband's pre-retirement income.

Under the 1971 benefit formula, persons with minimum coverage are assured of a benefit of at least \$56.40 at age 62. Dependent wives may receive as little as \$26.40 at age 62 if their husbands have only minimum coverage.

Because of the dual entitlement provisions, a married woman retired worker never receives less than a dependent wife if their husbands have comparable earnings records. Under the 1971 benefit formula, a married woman with a minimum PIA receives a higher benefit than a noninsured wife if both their husbands had PIA's below \$140. If their husbands had higher PIA's both wives would receive dependent's benefits higher than the minimum retired-worker benefit.

In sum, while wives with minimum PIA's receive the lowest retired-worker benefits, they are often better off than the much larger group of wives whose labor-force attachment falls short of the 4½ years required for insured status.

*Nonmarried women with minimum retired-worker benefits.*—Nonmarried women retired workers account for half the aged units (in the 1968 Survey) and nearly a quarter of the new beneficiaries (in SNEB) entitled to the minimum PIA. Incomes were low for both groups of nonmarried women with minimum coverage.

Second pensions are infrequently received by either group. Practically all those who do have pensions receive them from their own or a deceased husband's career in public or railroad employment.

Income source	Women retired workers with minimum PIA's		
	Aged 65 and over, 1968 Survey	Aged 62-65, SNEB July-December 1969 awards	
	Nonmarried	Nonmarried	Married
Median income.....	\$1,110	\$1,400	\$5,000
Percent:			
With earnings income .....	14	46	60
With public pensions .....	11	16	14
With private pensions.....	1	1	18

The overwhelming majority of nonmarried women with minimum PIA's were once married. About half of those entering the rolls at ages 62-65 are widowed, and almost a third are divorced or separated. Widows account for more than 80 percent of the nonmarried women aged 65 or older with minimum PIA's from their own work records. If their former husbands had been insured and averaged covered earnings of at least \$100 a month, these widows could receive dual-entitlement supplements to their own minimum PIA's. But less than a third of the aged widows were receiving such supplements. Apparently most of their husbands retired or died before acquiring the necessary insured status.

*Noninsured widows.*—The 1968 Survey of the Aged revealed widows who lacked insured status from their own covered employment had the lowest incomes of any aged beneficiary group. They receive dependents' benefits of up to 82.5 percent of their deceased husbands' PIA's. Dependent widows account for about 1 in 5 aged beneficiary units and are concentrated among the oldest of the aged. About 7 in 10 had 1967 incomes below the poverty threshold. Their median income in addition to social security benefits was less than \$300 a year.

For about half the widows' husbands, average covered earnings were less than \$215 a month, which under the 1971 benefit formula yield PIA's below \$132—in contrast to a median PIA of about \$150 for aged men now on the rolls. As illustrated earlier, the husband's covered earnings might have measured up favorably with his age group when his work career ended, but the elapsed

TABLE 11.—Average monthly earnings required to yield 1971 benefit incomes above the poverty thresholds

Type of beneficiary	Benefit amount as percent of PIA	PIA required	AME required
\$200 income per month for husband and dependent wife			
Both entitled at age 65 or over.....	150.0	\$134	\$215
Husband entitled at 65 or over, wife at 62..	137.5	145	250
Both entitled at age 62.....	117.5	170	325
\$160 income per month for nonmarried persons			
Retired worker entitled age at 65 or over ...	100.0	\$160	\$300
Retired worker entitled age at 62.....	80.0	200	420
Dependent widow entitled at age 62 or over ..	82.5	194	400

years since he retired or died tend to erode the comparative level of his past earnings.

### BENEFIT RATES AND BENEFIT ADEQUACY

Comparisons of new beneficiaries with the aged already on the rolls point up the importance of second pensions, earnings, and husbands' resources in keeping beneficiaries out of poverty.

It is estimated that in 1971 incomes of \$2,410 and \$1,910 are needed to reach the poverty threshold for aged couples and nonmarried persons, respectively.<sup>12</sup> Under the 1971 benefit formula, AME of approximately \$300 are required to yield full retired-worker benefits providing an above-poverty income for one person. The AME needed to provide comparable incomes for early retirees, married couples, and dependent widows are shown in table 11. The maximum attainable AME for persons aged 62-65 in 1969 is \$431 (table 1). Thus, nonmarried persons entitled at age 62 need close to the maximum covered earnings to qualify for benefit incomes above the poverty threshold. Similarly, only married men with AME near the maximum have PIA's that yield above-poverty protection for widows. Proposed amendments to the Social Security Act would allow widows 100 percent of their husbands' PIA. Under this proposal, an estimated 66 percent of the newly entitled married men could provide widows' protection at least as high as the 1971 poverty threshold (table 12).

About two-thirds of the married men and 30

<sup>12</sup> 1969 poverty thresholds adjusted by the Consumer Price Index increases through January 1971.

TABLE 12.—Poverty status of 1971 incomes yielded by OASDHI benefits:<sup>1</sup> Percentage distribution of persons initially entitled to retired-worker benefits, by benefit-payment status, sex, and marital status, July-December 1969 awards

Relationship of benefit income to poverty threshold	Married men		Nonmarried persons		
	Couples' benefits <sup>2</sup>	Widows' protection		Men	Women
		82.5 percent PIA	100 percent PIA		
Total					
Total number (in thousands).....	266	266	266	57	98
Total percent.....	100	100	100	100	100
Above poverty threshold.....	67	42	66	31	29
Below poverty threshold.....	33	58	34	69	71
Benefits postponed					
Total number (in thousands).....	115	115	115	18	30
Total percent.....	100	100	100	100	100
Above poverty threshold.....	84	58	80	67	57
Below poverty threshold.....	16	42	20	33	43
Benefits payable at award					
Total number (in thousands).....	151	151	151	41	68
Total percent.....	100	100	100	100	100
Above poverty threshold.....	53	29	55	18	16
Reduced benefits.....	45	24	47	12	9
Full benefits.....	8	5	8	6	7
Below poverty threshold.....	47	71	45	82	84
Reduced benefits.....	40	62	38	72	60
PIA above poverty.....	12	-----	-----	15	8
PIA below poverty.....	28	-----	-----	57	51
Full benefits.....	6	9	7	10	24

<sup>1</sup> Using 1971 benefit rates. Poverty thresholds for 1969 adjusted by the consumer price index through January 1971.

<sup>2</sup> Includes benefit payable to dependent wives at age 62.

percent of the nonmarried persons with initial retired-worker awards in the last half of 1969 did have PIA's that would yield 1971 benefits above the poverty thresholds. Those with benefits postponed had the best prospects of being entitled to benefits at that level. They also have good chances of raising their PIA's if they continue working at their present high earnings rates. Earlier SNEB reports show that many in wage or salary jobs also expect to realize second pensions from their current employment.<sup>13</sup>

Among persons with payable benefits, lower PIA's, as well as the high rate of reduced-benefit claims, cause 1971 benefit incomes to fall below the poverty thresholds for many. Nonetheless,

<sup>13</sup> Virginia Reno, *Retirement Patterns of Men at OASDHI Entitlement*, Survey of Newly Entitled Beneficiaries, Report No. 2, March 1970, tables 5 and 6.

40 percent of the married men with payable benefits had PIA's yielding couples' benefits above the 1971 poverty thresholds—despite early retirement reductions for most of them. An additional 20 percent had sufficiently high PIA's to yield couples' benefits above the poverty thresholds if they had waited until age 65 to claim full benefits.

Nonmarried persons needed somewhat higher PIA's than married men in order to receive benefit incomes above the poverty threshold.<sup>14</sup> The nonmarried also earned consistently lower PIA's than married men. Only about 10 percent of the nonmarried with benefits payable at award were entitled to benefits above the poverty threshold.

Persons with benefit incomes below the poverty threshold have PIA's up through the middle of the PIA structure. A review of the new beneficiaries' supplemental retirement resources, their AME, and their earnings replacement rates under the 1971 formula provide useful insights about the adequacy and equity of their benefit incomes. With the 1971 benefit increase, PIA's replace average preentitlement covered earnings (AME) at the following rates:

PIA		AME	Ratio (percent) of 1971 PIA to AME
1971	1969		
\$70.40.....	\$55.00-55.40....	Less than \$77.....	93 or more
70.50-87.90.....	55.50-69.90.....	77-97.....	93-90
88.00-128.90.....	70.00-99.90.....	98-193.....	90-66
127.00-164.90.....	100.00-129.90.....	194-309.....	66-53
165.00-202.90.....	130.00-159.90.....	310-426.....	53-48
203.00 or more.....	160.00 or more.....	427 or more.....	Less than 48

*PIA's under \$88.*—About 27 percent of the people awarded payable retired-worker benefits in the last half of 1969 were entitled to 1971 PIA's of less than \$88. Their preentitlement average monthly earnings (AME) amounted to less than \$100 (or no more than half the full-time Federal minimum wage since 1950). The group may include high earners with brief periods of OASDHI coverage, as well as irregular workers with very low earnings. Two in 3 with these low PIA's were entitled to the \$70.40 minimum. Their PIA's may exceed 100 percent of their AME.

Altogether, 61 percent of the new beneficiaries

<sup>14</sup> This difference is explained by differences in the treatment of couples and nonmarried aged persons in the poverty index and under the program provisions. A dependent wife's benefit will add to the husband's retired-worker benefit by 37.5 percent to 50.0 percent, but the poverty threshold is only about 25 percent higher for couples than for nonmarried persons.

with PIA's under \$88 appear to have significant other sources of retirement income (table 13). About 16 percent of them receive second pensions, usually from careers in government or railroad employment not covered by the social security program. Another 45 percent of those with very low PIA's are married women whose husbands' resources help raise their median income above \$5,000.

The remaining 39 percent with very low PIA's are nonmarried women (18 percent) and men (20 percent) without second pensions. Practically all the nonmarried women in this group had once been married; more than half are widows and about a third are divorced or separated. Some may be dually entitled as dependents on their former husbands' work records. Dual entitlement data, as well as information about how recently their families were broken and their earnings experience before and after they lost their husbands, might help to explain their very modest retired-worker benefits.

Like others with PIA's under \$88, all these men and nonmarried women without second pension averaged covered earnings since 1950 of less than \$25 a week. The circumstances underlying their low coverage should be explored further. For, if their covered employment is a complete picture of their earnings experience and they were dependent on their own earned income, it is apparent that their income-supplement needs are special ones that began long before retirement age. For these retired-worker beneficiaries who were marginally employed, as for individuals whose past earnings are inadequate to qualify them for retired-worker benefits, it appears that a concept of "need" rather than of "earnings replacement" must be the basis for providing adequate levels of support in their old age.

*PIA's between \$88 and \$164.90.*—Forty percent of the people awarded payable retired-worker benefits in the last half of 1969 were entitled to 1971 PIA's in the broad middle range between \$88 and \$164.90. These beneficiaries had AME of about \$100 to \$310—or from roughly 50 percent below to 50 percent above the average full-time Federal minimum wage since 1950. For this group, the PIA replacement rate drops from 90 percent to 53 percent of their AME.

Persons with important retirement resources other than their own social security benefits make

TABLE 13.—Pension receipt, by 1971 PIA levels: Percentage distribution of persons initially entitled to retired-worker benefits, by sex and marital status, July–December 1969 awards

Pension receipt	Total	Less than \$88.00			\$88.00 to \$164.90			\$165.00 or more		
		Total	\$70.40	\$70.50–87.90	Total	\$88.00–126.90	\$127.00–164.90	Total	\$165.00–202.90	\$203.00 or more
Total number (in thousands).....	372	101	69	33	150	85	65	121	106	15
Total percent.....	100	100	100	100	100	100	100	100	100	100
Receiving pensions.....	25	16	18	13	12	8	17	50	48	64
Married men.....	15	9	10	7	5	4	6	34	34	32
Not receiving pensions:										
Married women.....	27	45	48	38	30	37	22	7	7	9
Men and nonmarried women.....	48	39	34	49	58	55	62	43	45	27
Married men.....	25	12	8	20	29	24	34	31	34	14
Nonmarried men.....	8	8	6	14	11	13	9	5	6	2
Nonmarried women.....	14	18	20	15	18	18	18	6	6	10
Percentage distribution by PIA levels										
Total.....	100	27	18	9	40	23	17	32	28	4
Receiving pensions.....	100	18	13	5	19	7	11	64	54	10
Not receiving pensions:										
Married women.....	100	46	33	12	45	31	14	9	8	1
Men and nonmarried women.....	100	22	13	9	49	26	22	29	27	2
Married men.....	100	13	6	7	46	22	24	40	38	2
Nonmarried men.....	100	27	13	15	52	34	18	20	19	1
Nonmarried women.....	100	34	25	9	51	29	22	14	12	3

up 42 percent of the new beneficiaries with PIA's in the broad middle range. Those receiving second pensions account for 12 percent and are concentrated in the upper half of the range. Wives, accounting for 30 percent, are concentrated in the lower half of the range. These married women, together with their husbands, have higher retirement incomes and far higher earnings incomes than do married men or nonmarried persons with comparable PIA's.

The men and the nonmarried women without second pensions account for well over half those with PIA's in the broad middle range. Social security income falls short of the 1971 poverty thresholds for 96 percent of this group (table 14). Continued employment appears to be the only way to raise their incomes above the poverty threshold. More than half the group were still working at the time of the survey, although many reported health problems that limited the kind or amount of work they could do (table 15). Most of those who stopped working also report health problems.

*PIA's of \$165 or more.*—Thirty-two percent of the people with payable retired-worker benefits in July–December 1969 were entitled to 1971 PIA's of at least \$165. They average covered earnings from about \$310 up to the maximum. This group had the best prospects of receiving second pensions from private or State or local government plans. Half the group receive such pensions. About 7 percent are wives.

Most of the 43 percent without second pensions or husbands' resources were entitled to OASDHI benefit incomes that at least reach the poverty threshold. For about 14 percent, however, early retirement reductions dropped benefit income below the poverty line. About 40 percent continued working to supplement their benefits.

## SUMMARY AND CONCLUSIONS

Newly entitled beneficiaries with very low PIA's (of less than \$88 in 1971) are a very mixed group. They include some of the most advantaged and some of the poorest new beneficiaries. Most of them are wives or recipients of pensions from government or railroad careers not covered by the social security program. With their second pensions, or their husbands' resources, these two groups have relatively high incomes. The wives reported a median income for the couple that exceeded \$5,000. Median incomes for all public pension recipients range from \$3,960 for nonmarried women to \$5,690 for married men.

Other beneficiaries with very low PIA's—men and nonmarried women without second pensions—usually are poor. Their PIA's replace at least 90 percent of their average preentitlement earnings. But, like the others with very low PIA's, their AME's amount to less than half the full-time Federal minimum wage since 1950. Their

TABLE 14.—Relationship of OASDHI benefit income to poverty thresholds,<sup>1</sup> by 1971 PIA levels: Percentage distribution of men and nonmarried women initially entitled to retired-worker benefits, July–December 1969 awards

Relationship of benefit income to poverty threshold	Total	Less than \$88.00			\$88.00 to \$164.90			\$165.00 or more		
		Total	\$70.40	\$70.50–87.90	Total	\$88.00–126.90	\$127.00–164.90	Total	\$165.00–202.90	\$203.00 or more
Men and nonmarried women without second pensions										
Total number (in thousands) .....	179	40	23	16	87	47	40	52	48	4
Total percent .....	100	100	100	100	100	100	100	100	100	100
Below poverty threshold .....	73	100	100	100	96	100	90	13	15	-----
Above poverty threshold .....	27	-----	-----	-----	4	-----	10	87	85	100
<i>Nonmarried persons</i>										
Total number (in thousands) .....	85	27	17	10	44	26	18	14	12	2
Total percent .....	100	100	100	100	100	100	100	100	100	100
Below poverty threshold .....	89	100	100	100	99	100	98	35	41	-----
Above poverty threshold .....	11	-----	-----	-----	1	-----	2	65	59	100
<i>Married men</i>										
Total number (in thousands) .....	94	13	6	7	43	21	22	38	36	2
Total percent .....	100	100	100	100	100	100	100	100	100	100
Couples' benefits:										
Below poverty threshold .....	58	100	100	100	92	100	84	5	6	-----
Above poverty threshold .....	42	-----	-----	-----	8	-----	16	95	94	100
Widows' protection (82½% of PIA):										
Below poverty threshold .....	82	100	100	100	100	100	100	56	59	-----
Above poverty threshold .....	18	-----	-----	-----	-----	-----	-----	44	41	100
Widows' protection (100% of PIA):										
Below poverty threshold .....	56	100	100	100	92	100	85	-----	-----	-----
Above poverty threshold .....	44	-----	-----	-----	8	-----	15	100	100	100
Percentage distribution by PIA levels										
Below poverty threshold .....	100	30	18	13	64	36	28	5	5	-----
Above poverty threshold .....	100	-----	-----	-----	8	-----	8	92	84	8
<i>Nonmarried persons</i>										
Below poverty threshold .....	100	36	23	13	58	35	23	7	7	-----
Above poverty threshold .....	100	1	1	-----	4	1	3	96	77	19
<i>Married men</i>										
Couples' benefits:										
Below poverty threshold .....	100	23	11	12	73	38	35	4	4	-----
Above poverty threshold .....	100	-----	-----	-----	9	-----	9	91	86	6
Widows' protection (82½% of PIA):										
Below poverty threshold .....	100	16	8	9	56	27	29	28	28	-----
Above poverty threshold .....	100	-----	-----	-----	-----	-----	-----	100	87	13
Widows' protection (100% of PIA):										
Below poverty threshold .....	100	24	11	13	76	40	36	-----	-----	-----
Above poverty threshold .....	100	-----	-----	-----	8	-----	8	92	87	5

<sup>1</sup> Benefit incomes include 1970 and 1971 amendments that raise 1969 benefits by a total of 26.5 percent, 1969 poverty thresholds are adjusted by CPI in-

creases through January 1971. Estimates of benefit incomes for married men include benefits payable to a dependent wife entitled at age 62.

income-supplement needs apparently began long before retirement age.

With the 1971 benefit increases, most new beneficiaries with AME of more than 150 percent of the full-time minimum wage since 1950, are able to receive income above the poverty threshold from their social security benefits alone. This group, with PIA's of \$165 or more, also had the best prospects of earning private pensions to supplement their social security benefits. They account for nearly a third of those entering the rolls with payable awards in the last half of 1969.

Beneficiaries with PIA's in the broad middle

range—from \$88 to \$165—are the least likely to have second pensions and rarely receive benefit income that reach the poverty thresholds. Nearly two-thirds of the men and nonmarried women with benefits below the poverty line and no second pensions had PIA's in this range. They average covered earnings of about 50–150 percent of the full-time Federal minimum wage since 1950. Within this group the PIA replacement rate drops from 90 percent to 53 percent.

Comparisons of new retired-worker beneficiaries with the aged already on the rolls reveal somewhat higher incomes among the younger group,

TABLE 15.—Employment status and ability to work, by 1971 PIA levels: Percentage distribution of men and nonmarried women without second pensions initially entitled to retired-worker benefits, July–December 1969 awards

Employment status and work limitations	Total	Less than \$88.00			\$88.00 to \$164.90			\$165.00 or more		
		Total	\$70.40	\$70.50–87.90	Total	\$88.00–126.90	\$127.00–164.90	Total	\$165.00–202.90	\$203.00 or more
Total number (in thousands) .....	179	40	23	16	87	47	40	52	48	4
Total percent.....	100	100	100	100	100	100	100	100	100	100
Employed.....	49	51	49	54	53	54	52	40	40	39
No limitations.....	24	21	20	23	27	25	29	22	22	26
With limitations.....	25	30	29	31	27	29	23	17	18	14
Not employed.....	51	49	51	46	47	46	48	60	60	61
No limitations.....	17	10	11	9	16	13	20	25	23	45
With limitations.....	34	39	40	37	30	33	28	35	37	15
Can't work.....	18	24	25	23	17	19	14	16	17	11
Percentage distribution by PIA levels										
Total.....	100	22	13	9	49	26	22	29	27	2
Employed.....	100	23	13	10	53	29	24	24	22	2
No limitations.....	100	19	11	9	54	27	26	27	25	2
With limitations.....	100	27	15	12	53	31	21	20	19	1
Not employed.....	100	21	13	8	44	24	21	34	32	3
No limitations.....	100	13	8	5	46	20	26	42	36	6
With limitations.....	100	26	16	10	44	26	18	31	30	1
Can't work.....	100	29	18	11	45	28	17	26	25	1

despite their high rate of reduced-benefit claims. More frequent employment among younger beneficiaries and slightly higher person receipt rates partly account for their higher incomes.

The men also have somewhat higher PIA's. Rising overall earnings rates, accompanied by increases in the maximum covered earnings base, yield higher AME's for new retirees than for those already on the rolls. Without any change in the law, the maximum PIA will continue to rise for late retirees and future 65-year-old retirees. Thus, today's new beneficiaries, like those already on the rolls, may experience a decline in the relative value of their benefits.

The greater longevity of women over men is reflected in the high proportion of widows in the aged population. Aged widows, who lack social security coverage from their own work records, have the poorest incomes of any beneficiary group. They are among the oldest of the aged and receive little income other than that based on the PIA's of their deceased husbands. The PIA's of their husbands' appear the most severely affected by the passage of time: their median PIA is considerably below that of aged men in the population and far below that of newly entitled men.

Widows also account for most of the aged non-married women with low PIA's based on their own work records. Among wives entering the

rolls with low PIA's, the high incomes of the couples contrast dramatically with the low incomes of aged widows who earned comparable retired-worker benefits.

For married women entering the rolls with very low PIA's, as well as for the large group of noninsured wives, the prospect of widowhood makes the value of their husbands' PIA a major concern. Loss of the husband's earning power and frequently his pension rights often leaves the value of his PIA as the widow's only significant resource. With the 1971 increase in benefits just 3 in 10 married men entering the rolls with payable benefits had PIA's that would yield widow's benefits above the 1971 poverty threshold for a single aged person. Under proposed amendments that would make a widow's benefit 100 percent of her husband's PIA, nearly half the married men with payable awards still would not be able to assure their wives of protection through the widow's benefit that reaches the 1971 poverty threshold.

## Technical Note

The estimates presented here are based on data from the Survey of Newly Entitled Beneficiaries, which is one of the surveys undertaken by the Social Security Administration to study the retirement process. Data collection and tabulation



operations were conducted by the Bureau of the Census. The selection of the sample from 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 between July 1968 and June 1970. To receive an initial retired-worker benefit award, an individual must: (1) be at least 62 years old; (2) have earned retired-worker insured status from his own covered work experience;<sup>1</sup> and (3) have filed a claim to establish his entitlement to retired-worker benefits. Disability beneficiaries, whose benefits are automatically converted to retired-worker benefits at age 65, are excluded from the SNEB universe.

*Sample design.*—The sample for SNEB was selected by means of a two-stage design. The first stage was 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>2</sup> Each PSU comprises a single county or group of counties (town or group of towns in the New England States). Twenty-one of the PSU's used in the first stage consist of the counties comprising the 21 largest metropolitan areas. Each of these self-representing PSU's is identical to its stratum. The remaining metropolitan areas were grouped into 33 strata and one PSU (a single metropolitan area) selected from each stratum. The remaining counties not in metropolitan areas were grouped into 46 strata, and one PSU was selected to represent each such stratum.

The second stage of the sampling process was the monthly selection of new beneficiaries to

<sup>1</sup> To be insured for retired-worker benefits, a man must have paid social security taxes in a number of calendar quarters equal to at least the number of years between 1950 and the year he reaches age 65 (age 62 for women). For example, a man aged 65 in 1969 needed at least 18 calendar quarters of covered employment.

<sup>2</sup> For details on the Current Population Survey sampling procedures, 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.

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. From July through December 1969 the sample was reduced to about 1,500 cases per month.

*Data collection.*—Questionnaires were mailed to sample persons by the end of the month following their benefit awards. A second questionnaire was mailed to persons who did not respond to the first mailing within 2 weeks. A third questionnaire was sent by certified mail to those who did not respond within 4 weeks. These three mailings yielded about a 75-percent response. The second and third mailings were omitted for the December 1969 sample to avoid overlap with the 1970 decennial census.

Starting with July 1969, mail responses were screened clerically for completeness of response to income questions. About two-thirds of the incomplete income reports were rectified by telephone follow-up. The remainder were included in the personal interview follow-up. This follow-up was conducted at the end of each calendar quarter. In addition to all respondents whose incomplete income reports were not corrected by telephone, the follow-up included a 50-percent random sample of persons who did not return the questionnaires or whose questionnaires were returned by the Post Office as undeliverable. (For the December 1969 sample, only a 25-percent random sample of nonrespondents was selected for personal interview.) Nonresponse cases selected for personal interview were weighted to include cases not chosen for the follow-up sample.

*Noninterview adjustment.*—The personal interview follow-up produced an effective response rate of about 92 percent, after allowing for the weighting of the follow-up cases (table I). To meet the minimum acceptance criteria for an adequate response, the sample person had to indicate his employment status. If not employed, he had to give a reason why he left his former job. The 8 percent who did not provide an adequate response include 6 percent who refused to participate in the survey.

In order to represent the nonrespondents, the

TABLE I.—Response before and after personal interview follow-up,<sup>1</sup> July–December 1969

Status of the questionnaire	Before personal interview follow-up <sup>2</sup>		After personal interview follow-up <sup>3</sup>	
	Number	Percentage distribution	Number	Percentage distribution
Total sample.....	9,636	100	9,636	100
Questionnaires with adequate response.....	6,953	72	8,829	92
Questionnaires without adequate response.....	426	4	663	7
Undeliverable.....	102	1	15	( <sup>5</sup> )
Deceased.....	44	( <sup>5</sup> )	76	1
Refusal.....	196	2	564	6
Failed quality check.....	<sup>4</sup> 82	1	7	( <sup>5</sup> )
Miscellaneous.....	2	( <sup>5</sup> )	2	( <sup>5</sup> )
Questionnaires not returned.....	2,257	23	144	1

<sup>1</sup> Does not reflect telephone and personal interview follow-up of inadequate income responses.

<sup>2</sup> After a maximum of three mailings for July through November and a single mailing for December.

<sup>3</sup> Undeliverable and nonresponse sample cases are weighted to include cases not chosen for the follow-up sample.

<sup>4</sup> Estimated.

<sup>5</sup> Less than 0.5 percent.

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

### Sampling Variability

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 1969 were included in the survey. In this survey, as in others, the results are also subject to errors due to response and nonreporting.

The standard error measures the sampling variability of estimates—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.

*Estimated percentages.*—The standard error of an estimated percentage depends on the size of the percentage and the size of its base. Table II

TABLE II.—Rough approximations of standard errors of estimated percentages of persons or married couples (68 chances out of 100), July–December 1969 awards

Size of base	Estimated percentages						
	2 or 98	5 or 95	10 or 90	20 or 80	30 or 70	40 or 60	50
5,000.....	2.0	3.1	4.3	5.7	6.5	7.0	7.1
10,000.....	1.4	2.2	3.0	4.0	4.6	4.9	5.0
25,000.....	.1	1.4	1.9	2.5	2.9	3.1	3.2
50,000.....	.6	1.0	1.4	1.8	2.1	2.2	2.3
100,000.....	.4	.7	1.0	1.3	1.5	1.6	1.6
150,000.....	.4	.6	.8	1.0	1.2	1.3	1.3
200,000.....	.3	.5	.7	.9	1.0	1.1	1.1
250,000.....	.3	.4	.6	.8	.9	1.0	1.0
300,000.....	.3	.5	.6	.7	.8	.9	.9

presents a rough approximation of standard errors of estimated percentages for the survey period July–December 1969. Linear interpolation applied to the base or the percentage or both may be used to calculate the value of a standard error not specifically shown. For example:

In table 13, of the 101,000 persons with payable awards whose 1971 PIA's were less than \$88, an estimated 47 percent are married women. As table II shows, the estimated standard error is 1.6 percent. The chances are 68 out of 100 that the proportion of the population who are married women is between 45.4 percent and 48.6 percent; and the chances are 95 out of 100 that it is between 43.8 percent and 50.2 percent.

If it is necessary to compare two percentages to determine whether they differ by a statistically significant amount, 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 married women among the 101,000 with payable awards whose PIA's at the 1971 rate are less than \$88 is 47 percent, and the proportion of married women among the 150,000 with 1971 PIA's between \$88 and \$164.90 is 33 percent. The standard error for the first group is 1.6 percent, and the standard error of the second group is approximately 1.2 percent.

The sum of the squares of the two standard errors is 4.00, and the square root, the standard error of the difference, is 2.0 percent. Since the actual difference of 14 percentage points is much greater than twice the standard error of the difference, it is extremely likely that the difference is significant.

*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 II 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) from the distribution of the characteristic, read off 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:

In table 4, the median PIA for men entitled to reduced payable benefits in the latter half of 1969 is estimated as \$126.10. The number of men with reduced payable benefits is 163,000.

1. The standard error of 50 percent with a base of 163,000 is approximately 1.3 percent (from table II).
2. For a 95-percent confidence interval, it is necessary to subtract and add two standard errors, to yield limits of 47.4 percent and 52.6 percent.
3. Since, as table 4 shows, 42 percent of the men had PIA's below \$115.00 and 11 percent had PIA's between \$115.00 and \$129.90, the dollar value of the lower limit may be found by linear interpolation to be:

$$\frac{47.4 - 42.0}{11} \times \$15 + \$115 = \$122.40$$

The upper limit can be found in the same way:

$$\frac{52.6 - 42.0}{11} \times \$15 + \$115 = \$129.40$$

Thus, the chances are 95 out of 100 that the true median lies between \$122.40 and \$129.40.

## Response to the Survey

Because the large majority of questionnaires were completed by the respondents themselves and returned by 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 highest rates of nonresponse were among items related to current income, especially earnings.

*Income questions.*—Persons employed at the

time of the survey were asked to report their current earnings on an hourly, weekly, monthly, or annual basis, at their own option. The respondents' reports of their usual hours of work per week and usual weeks of work per year were used to convert all earnings to annual rates. Married respondents were asked to report their spouses' earnings as annual amounts.

To identify the types of institutional transfer payments received, every person in the sample was asked to report, for each of the following sources, whether or not he was receiving payments, and, if so, the monthly amount from each source:

- A company or union pension
- Social security
- Federal Government employees' pension
- State or local government employees' pension
- Military retirement pension
- Veterans' pension or compensation
- Railroad retirement
- Workmen's compensation, cash sickness, or temporary disability insurance
- Welfare or assistance payments
- Unemployment insurance

For married respondents the question was repeated for the sources and amounts of income of the spouse.

Finally, each person was asked whether or not he (or his spouse) was receiving any of the following types of asset or other income and to indicate for each source received, the yearly amount:

- Interest from savings, notes, and bonds
- Dividends from stock
- Net rental income (excluding maintenance cost, utilities, mortgage payments, property taxes, etc.)
- Annuities purchased individually
- Regular contributions from relatives outside the home
- Other income

No attempt was made to distinguish income of the respondent from income of the spouse for these sources.

*Edit of income receipt.*—Pretest results showed that respondents frequently marked only selected items in each of the two lists of income sources (three lists for married persons), leaving many items blank. Since it is highly unlikely that a single individual would simultaneously receive a large variety of transfer payments or property income, nonreceipt of unanswered sources were imputed under the following circumstances:

TABLE III.—Responses on selected sources of income: Percentage distribution of persons initially entitled to retired-worker benefits, by sex, marital status, and benefit-payment status, July–December 1969 and July–December 1968 awards

Benefit-payment status	Benefits payable at award						Benefits postponed at award					
	Nonmarried		Married				Nonmarried		Married			
	Men	Women	Men		Women		Men	Women	Men		Women	
			Self	Spouse	Self	Spouse			Self	Spouse	Self	Spouse
July–December 1969												
Total number (in thousands).....	41	68	151	151	112	112	16	30	115	115	14	14
Total percent.....	100	100	100	100	100	100	100	100	100	100	100	100
Earnings:												
Receiving.....	38	44	38	28	27	49	77	84	84	31	75	52
Amount reported.....	32	36	32	26	23	42	72	78	77	27	72	49
Amount not reported.....	6	8	6	2	4	7	5	6	6	3	3	3
Not receiving.....	62	56	62	71	73	50	23	16	16	68	25	48
Nonresponse.....				1		2				2		
Social security benefits:												
Receiving.....	90	84	87	89	83	63	31	24	23	16	32	56
Amount reported.....	89	84	87	37	83	51	31	24	23	16	32	54
Amount not reported.....	1			1		2						2
Not receiving.....	10	15	13	60	16	46	67	75	77	82	68	43
Reported.....	9	13	12	59	16	43	66	72	75	82	67	43
Imputed.....		2	1	1		2		3	2			
Nonresponse.....	1	1		2	1	2	1			1		1
Private pensions:												
Receiving.....	15	11	26	5	6	17	14	11	14	3	9	14
Amount reported.....	15	10	26	5	6	16	13	10	12	2	9	13
Amount not reported.....	1	1	1				1	1	1			2
Not receiving.....	84	88	73	92	93	82	85	89	86	96	92	85
Reported.....	74	75	66	87	85	75	80	86	84	94	89	76
Imputed.....	11	13	7	5	8	7	5	4	2	2	3	9
Nonresponse.....			1	3		1				1		1
Interest income:												
Receiving.....	28	40	43		44		42	52	56		56	
Amount reported.....	26	34	39		38		37	43	50		46	
Amount not reported.....	3	6	4		6		5	10	7		10	
Not receiving.....	68	58	55		53		54	47	43		43	
Reported.....	67	56	53		52		52	44	41		41	
Imputed.....	1	2	2		1		1	3	2		2	
Nonresponse.....	3	3	2		3		4	1	1		1	
July–December 1968												
Total number (in thousands).....	44	67	152	152	108	108	17	28	112	112	13	13
Total percent.....	100	100	100	100	100	100	100	100	100	100	100	100
Earnings:												
Receiving.....	38	41	40	28	29	49	77	81	78	31	75	52
Amount reported.....	26	28	28	25	20	41	65	70	67	28	62	42
Amount not reported.....	12	13	12	3	8	8	12	11	11	4	13	9
Not receiving.....	62	59	60	67	71	45	23	19	22	65	25	45
Nonresponse.....				5		6				4		4
Social security benefits:												
Receiving.....	93	92	94	43	93	53	33	28	31	20	37	57
Amount reported.....	92	91	93	40	92	50	33	28	31	18	37	53
Amount not reported.....	1	1		3	1	3				2		4
Not receiving.....	5	5	5	49	5	40	61	66	66	72	59	39
Reported.....	4	4	4	48	5	37	58	62	64	71	58	38
Imputed.....	1	1	1	1	1	3	3	4	2	1		1
Nonresponse.....	2	3	1	8	2	7	6	6	3	8	4	4
Private pensions:												
Receiving.....	16	12	27	6	7	14	16	15	18	4	14	15
Amount reported.....	16	11	26	5	6	13	14	12	17	4	13	15
Amount not reported.....	1	1			1	1	1	3	1		1	
Not receiving.....	18	85	72	85	92	79	79	79	79	88	82	80
Reported.....	68	67	59	77	78	68	74	73	75	85	77	70
Imputed.....	13	18	13	8	14	11	4	6	4	3	5	10
Nonresponse.....	2	3	1	9	2	7	6	6	3	8	4	4
Interest income:												
Receiving.....	27	35	42		42		38	49	52		26	
Amount reported.....	23	31	37		36		34	40	44		19	
Amount not reported.....	4	5	5		5		4	9	7		7	
Not receiving.....	64	51	48		46		51	38	42		64	
Reported.....	61	48	46		43		49	35	39		57	
Imputed.....	2	3	3		2		3	3	2		7	
Nonresponse.....	10	13	10		13		11	13	7		10	

1. If the respondent was employed and completely reported his current earnings, a response of "no," "yes," or a dollar amount on at least one source of transfer payments was sufficient to impute nonreceipt of unreported sources of transfer payments. A similar response on at least one type of asset or other income was sufficient to impute nonreceipt of unmarked sources in the same list.

2. If the respondent was not employed, or his earnings were not completely reported, a response of "yes" or a dollar amount on at least one item in the list was needed before nonreceipt was imputed for other sources in the same list.

*Response on receipt from individual sources.*—

The above procedures yielded acceptable response rates on receipt of income from the various individual sources. Table III shows response rates for selected items of income during the first and third 6-month periods of the survey. During the first 6 months, response rates on receipt of individual sources were usually above 85 percent, with income from assets showing the poorest response. When nonresponse on amounts of income were combined with nonresponse on receipt, however, the response rates dropped considerably.

*Response on amount of income.*—Total income was obtained from the information reported about

each individual source. If a report on receipt or amount of even one source of income was incomplete, it caused a nonresponse on total income.

Nonresponse on total income was very high for the first year of SNEB, ranging from about 25 percent to 40 percent, depending on marital status, sex, and benefit-payment status of the sample person (table IV). Nonresponse was highest for married couples, where two reports (one for the respondent and one for the spouse) provided two opportunities for incomplete reports of earnings or transfer payment income. For both married and nonmarried respondents, earnings and asset income account for the major part of the nonresponse on total income.

Special procedures for telephone follow-up of incomplete income reports improved response rates considerably for the third 6-month period. The reduction in nonresponse on total income during July–December 1969 varied between 11 percent and 20 percent, and brought the income response rate for most groups to 80 percent or higher. The only exception was for married women with payable awards whose response rate was increased from 62 percent to only 76 percent.

TABLE IV.—Nonresponse on total income and selected sources of income: Percent of persons initially entitled to retired-worker benefits, by sex, marital status, and benefit-payment status, July–December 1969 and July–December 1968 awards

Source of income	Benefits payable at award				Benefits postponed at award			
	Nonmarried men	Nonmarried women	Married men and their wives	Married women and their husbands	Nonmarried men	Nonmarried women	Married men and their wives	Married women and their husbands
July–December 1969								
Total number (in thousands).....	41	68	151	112	16	30	115	14
Nonresponse rate (percent):								
Total income.....	15	19	20	24	15	17	18	19
Earnings.....	6	8	9	12	5	6	10	6
Social security payments.....	1	1	3	4	1	(1)	2	3
Private pensions.....	1	2	4	2	2	1	3	3
Income from assets.....	7	11	7	11	10	12	8	12
July–December 1968								
Total number (in thousands).....	44	67	152	108	17	28	112	13
Nonresponse rate (percent):								
Total income.....	28	32	39	38	26	33	33	39
Earnings.....	12	13	18	20	12	11	16	24
Social security payments.....	3	4	12	12	6	6	11	10
Private pensions.....	3	4	12	12	7	9	11	10
Income from assets.....	15	20	16	20	15	25	16	23

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