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# An Overview of OASDI Revenue, Expenditures, and Beneficiaries, 1974-85

by Christine Irick\*

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This article compares the revenue, expenditures, and beneficiary population under the old-age, survivors, and disability insurance program in 1984-85 with the experience for earlier years. The tables and charts presented here examine such topics as the population covered by the program, the increase in the number of beneficiaries, the rise in average benefit amounts, and the growth in the proportion of dually entitled and very old beneficiaries. Like the preceding feature, the article is based on published data of the Social Security Administration's Office of Research, Statistics, and International Policy—in this case, they come entirely from various issues of the **Annual Statistical Supplement to the Social Security Bulletin**.

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Since 1939, the Social Security Administration (SSA) has issued an annual compilation of current and historical data on the social security programs. These data include the latest statistics available on the old-age, survivors, and disability insurance (OASDI) program, health care programs, and other income-support programs. The **Annual Statistical Supplement to the Social Security Bulletin**<sup>1</sup> is the source of the data used in this article, which concentrates only on the OASDI program.

## Revenue and Expenditures

Total revenue for the OASDI program was \$187 billion during 1984 and expenditures were \$180 billion. These amounts represented an increase of 9 percent in revenue and 5 percent in expenditures from the 1983 levels. Total assets in the OASDI trust funds at the end of 1984 were \$31 billion (17 percent of annual revenue), compared with \$25 billion in 1983 (15 percent of annual revenue).

The major source of revenue for the OASDI program is payroll contributions. In 1984, such contributions accounted for 96 percent of that year's

revenue.<sup>2</sup> The remaining 4 percent was about equally divided between interest earned on invested assets and proceeds from the taxation of social security benefits. In 1984, for the first time, income taxes were paid on one-half of the social security benefits received by taxpayers whose income exceeded certain base amounts. When the combined income from all other sources and half of the amount of social security benefits received exceeded \$32,000 for a couple or \$25,000 for a single person, income taxes were payable on the smaller of (1) one-half of the social security benefits or (2) one-half of the amount by which income exceeded the base amount. The Department of the Treasury credited these tax dollars to the social security trust funds.

Nearly 99 percent of all the 1984 expenditures were for the direct payment of benefits to OASDI beneficiaries, including the slightly more than 1 percent that was transferred to the railroad retirement program for payments to beneficiaries who receive their social security benefits as a part of their railroad retirement annuity. Only around 1 percent of expenditure outlays were used to cover administrative costs, and about \$1 million was spent on rehabilitation services for disability insurance beneficiaries.<sup>3</sup>

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<sup>1</sup> **Annual Statistical Supplement to the Social Security Bulletin**, various issues. For most categories reviewed, the 1984 statistic was the latest available data at the time of publication of this article.

For dual entitlement, the 1983 data represented the most current information available at the time of publication.

<sup>2</sup> About one-eighteenth of 1 percent came from general revenue funds for the cost of benefits for special age-72 beneficiaries. These beneficiaries are men who reached age 72 before 1972 and women who reached age 72 before 1970, both of whom lacked sufficient quarters of coverage to qualify for a retired-worker benefit.

<sup>3</sup> These payments were for vocational rehabilitation services to disabled-child beneficiaries as provided under the 1965 Amendments to the Social Security Act and to disabled widows and widowers as provided under the 1967 amendments.

## Population Covered

During 1984, the largest number of workers in the history of the social security program worked in employment covered by the program.<sup>4</sup> These workers paid OASDI taxes on \$1,596 billion of earnings; 94 percent of these earnings were attributable to wage and salary workers and 6 percent to the self-employed. Wage and salary workers paid taxes on 92 percent of their earnings and the self-employed paid taxes on 81 percent of their net income (table 1). The number of self-employed persons covered by the social security program increased 7 percent from 1983 to 1984. The number has increased annually since 1976, when it surpassed the previous all-time high of 7.4 million self-employed workers reached in 1956 (chart 1).

From 1983 to 1984, the number of wage and salary workers in covered employment increased 5 percent. Except for the years 1975 and 1982, the number of wage and salary workers has increased annually since 1959. Recessions and the resulting high unemployment probably account for these two anomalous years. The year-to-year increases in total earnings and in taxable earnings reflect the growing number of workers in the labor force as well as the general rise in earnings and the gradual increase in the maximum taxable earnings.

## Insured Status

To be eligible for OASDI cash benefits, a worker

<sup>4</sup> The U.S. social security population includes Puerto Rico, the Virgin Islands, Guam, and American Samoa; persons in the Armed Forces; certain Federal civilian employees stationed abroad; and U.S. citizens working for U.S. companies overseas.

must have insured status.<sup>5</sup> As the data in table 2 indicate, relatively more men than women, regardless of age, are fully insured for retirement insurance and survivor benefits as well as having coverage in the event of disability. Because more women have entered the work force in recent years, the disparity in the number of men and women with insured status has narrowed from 1980 to 1985, especially among workers at the younger ages. Of those aged 40-49, for example, 94 percent of the men and 75 percent of the women were fully insured in 1985. Five years earlier, the comparable proportions were 93 percent and 69 percent, respectively.

## Receipt Rates

At the beginning of 1985, 94 percent of the persons aged 65 or older who were estimated to be eligible for retired-worker benefits were receiving them (table 3). This proportion represented only a 1-percent increase over the past decade. A worker is eligible to receive monthly cash benefits if the insured status and age requirements are met, whether or not the worker has actually filed for such benefits.

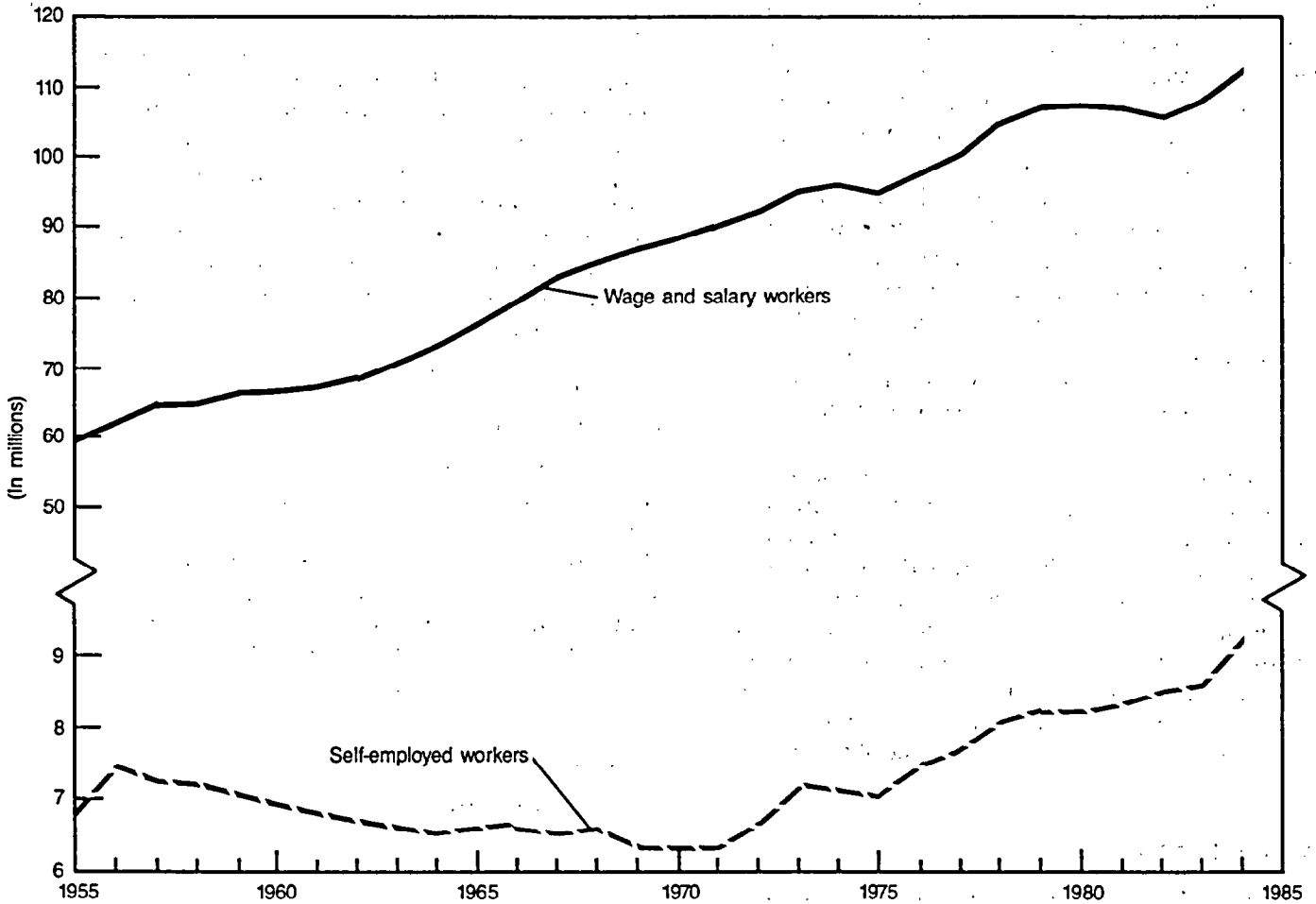
<sup>5</sup> Because this article focuses on the OASDI program, only fully insured status and disability insured status are discussed. Fully insured status indicates that the worker has been credited with the required number of quarters of coverage to provide survivor protection and is earning coverage at a rate that would provide eligibility for retired-worker benefits. To be disability insured, the worker must be fully insured and have recent earnings in social security covered employment—that is, 20 out of the last 40 calendar quarters or, if the worker is younger than age 31, one-half of all quarters since age 21 with a minimum of 6 quarters. For further information on insured status, see the *Annual Statistical Supplement to the Social Security Bulletin, 1984-85*, page 268.

**Table 1.**—Number of workers and amount of earnings in social security covered employment, by type of employment, 1980-84

Year	Number of covered workers (in thousands)	Earnings		
		Total (in billions)	Percent subject to social security taxation	Average taxable per worker
Wage and salary workers				
1980.....	107,200	\$1,229	89.7	\$10,287
1981.....	107,500	1,348	90.2	11,330
1982.....	106,500	1,416	90.4	12,019
1983.....	107,300	1,488	91.5	12,692
1984.....	112,600	1,643	91.6	13,363
Self-employed				
1980.....	8,200	\$97	73.2	\$8,695
1981.....	8,290	94	77.2	8,806
1982.....	8,500	94	79.1	8,706
1983.....	8,600	101	80.1	9,384
1984.....	9,200	113	81.2	9,946

Source: *Annual Statistical Supplement to the Social Security Bulletin, 1984-85*, table 21.

Chart 1. — Workers in social security covered employment, 1955-84



Source: Annual Statistical Supplement to the Social Security Bulletin, 1984-85, table 21.

Table 2.—Percent of U.S. social security population<sup>1</sup> by insured status, age, and sex at beginning of 1980 and 1985  
[Numbers in thousands]

Age	Population		Fully insured		Disability insured	
	Men	Women	Men	Women	Men	Women
1980						
20-29 .....	21,520	21,133	93	83	(2)	(2)
25-29 .....	10,150	10,032	(3)	(3)	88	65
30-39 .....	16,385	16,363	96	78	85	47
40-49 .....	11,715	11,949	93	69	85	48
50-59 .....	11,477	12,462	92	65	83	49
60-64 .....	4,786	5,554	93	62	82	44
65 or older.....	10,470	15,602	93	55	...	...
1985						
20-29 .....	22,821	21,974	88	83	(2)	(2)
25-29 .....	11,489	11,231	(3)	(3)	87	70
30-39 .....	19,662	19,347	95	84	85	57
40-49 .....	13,277	13,438	94	75	84	56
50-59 .....	11,068	11,912	92	67	82	52
60-64 .....	5,247	5,980	94	66	84	50
65 or older.....	11,475	17,276	98	61	...	...

<sup>1</sup> The U.S. social security population includes Puerto Rico, Virgin Islands, Guam, and American Samoa; Armed Forces; certain Federal civilian employees stationed abroad; and U.S. citizens working for U.S. companies overseas.

<sup>2</sup> Data not available for group aged 20-25.

<sup>3</sup> Included in group aged 20-29.

Source: Annual Statistical Supplement to the Social Security Bulletin, 1983, tables 31 and 34; 1984-85, tables 31 and 34; and Office of the Actuary, Social Security Area Population Projections, 1981 (Actuarial Study No. 85), July 1981, table 20A, and Economic Projections for OASDI Cost and Income Estimates, 1984 (Actuarial Study No. 94), January 1985, table 1E.

**Table 3.**—Percent of estimated number of eligible persons receiving retired-worker or disabled-worker benefits, by age, selected years, 1975-85

Year	Aged 65 or older <sup>1</sup>	Aged 62-64		
		Total	Retired workers	Disabled workers
1975.....	93	50	39	11
1980.....	94	55	42	13
1985.....	94	57	46	11

<sup>1</sup> At age 65, the benefit status of all disabled-worker beneficiaries is converted to retired-worker benefits.

Source: Annual Statistical Supplement to the Social Security Bulletin, 1984-85, table 33.

A greater increase is seen in the benefit receipt rates among persons aged 62-64. In 1985, of the individuals in that age group who were estimated to be eligible for benefits, 57 percent were receiving them, compared with 50 percent in 1975. Of the proportion eligible in 1985, 46 percent qualified as retired workers and 11 percent as disabled workers. A retired worker may receive a benefit at age 62, but the amount is reduced by five-ninths of 1 percent for each month of receipt before age 65. A disabled worker is eligible to receive a full benefit at any age.<sup>6</sup>

## OASDI Beneficiaries

During 1984, \$176 billion<sup>7</sup> was paid in OASDI benefits; 69 percent of this amount went to retired workers and their dependents, 10 percent to disabled workers and their dependents, and 21 percent to the survivors of deceased insured workers. Less than one-fifth of 1 percent of this amount was for special age-72 benefit payments and for lump-sum death payments.<sup>8</sup> The Omnibus Budget Reconciliation Act of 1981, which included provisions to trim OASDI expenditures, limited the receipt of lump-sum death payments to certain specified relatives of insured workers. By 1984, lump-sum payments had declined by 47 percent from their 1980 level.

More than 36 million OASDI beneficiaries were receiving cash payments at the end of 1984, compared with 32 million 9 years earlier (table 4). Only 10 percent (3.8 million) of the beneficiaries in 1984 were disabled workers or their dependents, compared with 14 percent (4.3 million) of the beneficiaries in 1975. In 1984, 20 percent (7.2 million) of the beneficiaries were survivors of deceased workers; 9 years earlier, 23 percent (7.4 million) of the beneficiaries had received survivors benefits. Retired workers and their dependents

<sup>6</sup> The disabled-worker benefit amount may be reduced if the worker was previously entitled to a reduced retired-worker benefit.

<sup>7</sup> Does not include \$2.4 million transferred to the railroad retirement program.

<sup>8</sup> A one-time payment (\$255 in 1984) to eligible survivors at the death of an insured worker.

showed the greatest numeric and proportional gains since 1975. Seventy percent (25.4 million) of all beneficiaries in 1984 were retired workers and their dependents, compared with 63 percent (20.1 million) in 1975.

The following tabulation shows the percentage increase in the number of OASDI beneficiaries from 1975 to 1984, by the type of benefit payment. The greatest increase, 39 percent, occurred among women retired workers; the number of men retired-worker beneficiaries increased 26 percent and the number of aged widow(er)s increased 23 percent in that period. The number of disabled-worker beneficiaries showed a slight gain over the 1975 level, primarily among women.

[Numbers in thousands]

Beneficiary status	1984	1975	Percentage increase
Retired worker.....	21,907	16,588	32
Men.....	11,573	9,164	26
Women.....	10,334	7,424	39
Aged widow(er).....	4,779	3,889	23
Disabled worker.....	2,597	2,489	4
Men.....	1,748	1,711	2
Women.....	849	778	9

Source: Annual Statistical Supplement to the Social Security Bulletin, 1975, tables 81, 82, and 107, and 1984-85, page 1.

Those beneficiaries whose benefit status was affected by the 1981 amendments—students and nondisabled children—show the largest decrease in benefit receipt since 1975. The 1981 legislation (1) phased out student benefits except for high school students younger than age 19 and (2) limited benefits to nondisabled children aged 16 or younger rather than age 18, as had been permitted under prior legislation. In addition to the effects of the 1981 legislation, a decline in the overall population of children younger than age 15 has contributed to the decline in the number of child beneficiaries younger than age 18. The proportion of disabled child beneficiaries, who were not affected by the legislation, has remained stable, as the following tabulation indicates.

[Numbers in thousands]

Beneficiary status	1975		1984	
	Number	Percent	Number	Percent
All.....	32,085	100	36,479	100
Children.....	4,972	15	3,408	9
Younger than age 18.....	3,835	12	2,729	7
Students.....	774	2	173	(1)
Disabled.....	362	1	306	1
Widowed mothers and fathers.....	582	2	382	1

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

Source: Annual Statistical Supplement to the Social Security Bulletin, 1984-85, tables 96 and 104.

**Table 4.**—Percent of beneficiaries in current-payment status and average monthly benefit amount (AMBA), by beneficiary status at the end of 1975 and 1984

Beneficiary status	1975			1984	
	Percent	AMBA	AMBA (In constant 1984 dollars)	Percent	AMBA
Total number (in thousands) .....	32,085	...	...	36,479	...
Total percent .....	100	...	...	100	...
Retired workers and dependents .....	63	...	...	70	...
Retired workers .....	52	\$207	\$395	60	\$461
Men .....	28	228	435	32	518
Women .....	23	182	347	28	397
Spouses .....	9	105	200	8	236
Children .....	2	77	147	1	186
Disabled workers and dependents .....	14	...	...	10	...
Disabled workers .....	8	226	431	7	471
Men .....	5	244	466	5	519
Women .....	2	185	353	2	371
Spouses .....	1	67	128	1	131
Children .....	4	62	118	2	139
Survivors .....	24	...	...	20	...
Aged widows and widowers .....	12	192	366	13	412
Widowed mothers and fathers .....	2	147	280	1	322
Children of deceased workers .....	9	139	265	6	314
Other: Aged parents and special age-72 beneficiaries .....	1	78	149	(1)	181

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

Source: Annual Statistical Supplement to the Social Security Bulletin, 1975,

tables 76, 81, and 82, and 1984-85, page I and tables 69, 86, 93, and 98.

The proportion of widowed mothers and fathers, whose benefit receipt is based on the care they provide to children who have not attained age 16 or to a disabled child aged 16 or older, has also dropped. This change is related to the decline in the number of children receiving benefits as well as to the 1984 legislation.

### Benefit Amounts

The highest average monthly benefit payment in 1975 was received by men disabled workers; retired men received the second highest amount (table 4). In 1984, the average monthly benefit amount received by men who were disabled workers or retirees was about the same, even though many of the retired workers had their cash benefits reduced because they retired before age 65. Legislative changes that are likely to have caused this shift in the relative benefit levels of retired-worker beneficiaries and disabled-worker beneficiaries since 1975 include: (1) The nonindexed benefit computation in effect before 1979 favored young disabled workers whose benefit computation periods were limited to recent years when their earnings were highest. The introduction of the wage-indexed benefit computation tended to cancel this advantage by revaluing or indexing the workers' earlier earnings.<sup>9</sup> (2) The 1977 legislation, which introduced the wage-

indexed formula, provided a transition period of 5 years (1979-83), during which time the nonindexed benefit formula continued to be available to eligible retired workers, but not disabled workers. (3) The 1980 legislation, effective for workers entitled to disability insurance benefits after June 1980, reduced the number of years that could be disregarded in calculating the average earnings of workers younger than age 47.

The next highest average monthly benefit amount in both 1975 and 1984 was received by aged widow(er)s; widows are the vast majority in this category. The amount of a widow's benefit is based primarily on the earnings of her husband, and the average earnings of men are higher than those for women. Although there are reductions for the receipt of benefits before age 65 and family maximums affect the total amount that is payable, widows ordinarily are entitled to the same amount that their deceased husband had received at retirement.

The benefit amounts for 1975 have been adjusted to reflect changes in the cost of living since 1975 (table 4, column 3). The higher average benefit amounts for 1984 reflect (1) the higher real earnings of workers who retired or became disabled since 1975; (2) the large discretionary increases for 1979, 1980, and 1981 (which superseded smaller increases under the automatic adjustment provisions) in the annual amount of earnings that were taxable and creditable under the OASDI program; and (3) the smaller proportion of the much lower maximum taxable and creditable earnings of the 1950's and 1960's that are used in the

<sup>9</sup> Before applying the benefit formula, all earlier earnings are now raised by a factor reflecting the changes in general earnings between a specific prior year and the second year before the worker first is eligible for benefits.

benefit computation of more recently entitled workers.

### Dual Entitlement

In 1983, 21.4 million retired workers were receiving a social security retirement insurance benefit. About 1 in 6 of these retirees had dual entitlement to social security benefits. That is, in addition to a benefit based on their own work record, these retirees also were entitled to a higher secondary benefit based on the work record of a present or former spouse or, in a few cases, of a deceased son or daughter. These beneficiaries receive their own retired-worker benefit plus the difference between that amount and the amount of the higher secondary benefit. The following tabulation shows the average monthly benefit payable to dually entitled retired workers in 1983.

Benefit entitlement	Average monthly benefit amount		
	Total	Retired worker	Reduced secondary
Women			
Higher benefit based on work record of—			
Living spouse.....	\$269.90	\$185.00	\$84.80
Deceased spouse.....	468.30	274.20	194.00
Men			
Higher benefit based on work record of—			
Living spouse.....	\$264.80	\$203.80	\$60.90
Deceased spouse.....	452.60	334.20	118.40

Source: Annual Statistical Supplement to the Social Security Bulletin, 1984-85, table 107.

The proportion of retired workers dually entitled to a retired-worker benefit and to a secondary benefit increased from 10 percent in 1974 to 16 percent in 1983

**Table 5.—Percent and number of dually entitled retired-worker beneficiaries<sup>1</sup> receiving secondary benefit, by sex and type of secondary benefit, 1974, 1978, and 1983**

[Numbers in thousands]

Sex	Percent	Number	Type of secondary benefit		
			Spouse	Widow(er)	Parent
1974 (10 percent)					
Total.....	100	1,535	...	...	...
Women.....	99	1,516	37	63	(2)
Men.....	1	18	36	61	3
1978 (12 percent)					
Total.....	100	2,208	...	...	...
Women.....	98	2,163	39	61	(2)
Men.....	2	45	39	60	1
1983 (16 percent)					
Total.....	100	3,355	...	...	...
Women.....	97	3,268	42	58	(2)
Men.....	3	87	31	68	(2)

<sup>1</sup> Excludes beneficiaries whose retired-worker benefit exceeded their potential secondary benefit.

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

(table 5). One in 3 women retired workers, but only 1 in 143 men retired workers, had dual entitlement. The majority of all women with dual entitlement are widows, but the proportion who are wives has increased from 37 percent in 1974 to 42 percent in 1983.

### Older Beneficiaries

The proportion of persons aged 85 or older among all old-age and survivor insurance (OASI) beneficiaries aged 65 or older has risen slightly. In 1974, 8 percent of the OASI beneficiaries aged 65 or older were aged 85 or older (table 6). By 1983, the proportion had risen to 9 percent. In 1974, men retired workers accounted for 32 percent of all OASI beneficiaries aged 85 or older and women retired workers accounted for 27 percent. In 1983, the proportion had fallen to 29 percent for men and risen to 35 percent for women. Widow(er)s, nearly all women, were 26 percent of all OASI beneficiaries aged 85 or older during 1974 and 30 percent during 1983.

As the social security program has matured and a larger number of individuals have been awarded benefits based on their own work record, the number of persons qualifying as an aged parent or special age-72 beneficiary has become smaller, but they are correspondingly older. In 1974, 300,000 beneficiaries (55 percent of whom were aged 85 or older) received either aged parent or special age-72 benefits. In 1983, of the 61,000 persons who received either of these benefits, 89 percent were aged 85 or older. Since 1974, the number of aged parent beneficiaries declined 52 percent and the number of special age-72 beneficiaries dropped 82 percent. It should be recalled that special age-72 beneficiaries represent a group that will not

Source: Annual Statistical Supplement to the Social Security Bulletin, 1984-85, table 106.

**Table 6.—Percent and number of beneficiaries aged 65 or older, by age and type of benefit at end of 1974 and 1983**  
[Number in thousands]

Age	Percent	Number	Type of Benefit				
			Retired-worker		Spouse	Widow(er)	Other <sup>1</sup>
			Men	Women			
1974							
Total.....	100	20,021	...	...	...	...	...
65-74.....	60	12,078	42	32	13	12	(2)
75-84.....	32	6,420	38	31	9	20	2
85 or older.....	8	1,523	32	27	4	26	11
1983							
Total.....	100	25,618	...	...	...	...	...
65-74.....	59	15,088	43	35	12	11	(2)
75-84.....	32	8,117	39	35	8	19	(2)
85 or older.....	9	2,413	29	35	3	30	2

<sup>1</sup> Special age-72 beneficiaries, aged parents, and aged adults disabled since childhood.

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

Source: Annual Statistical Supplement to the Social Security Bulletin, 1974, table 71, and 1984-85, table 75.

grow in number because their eligibility is based on reaching age 72 before 1970 (women) or 1972 (men).

## OASDI Awards

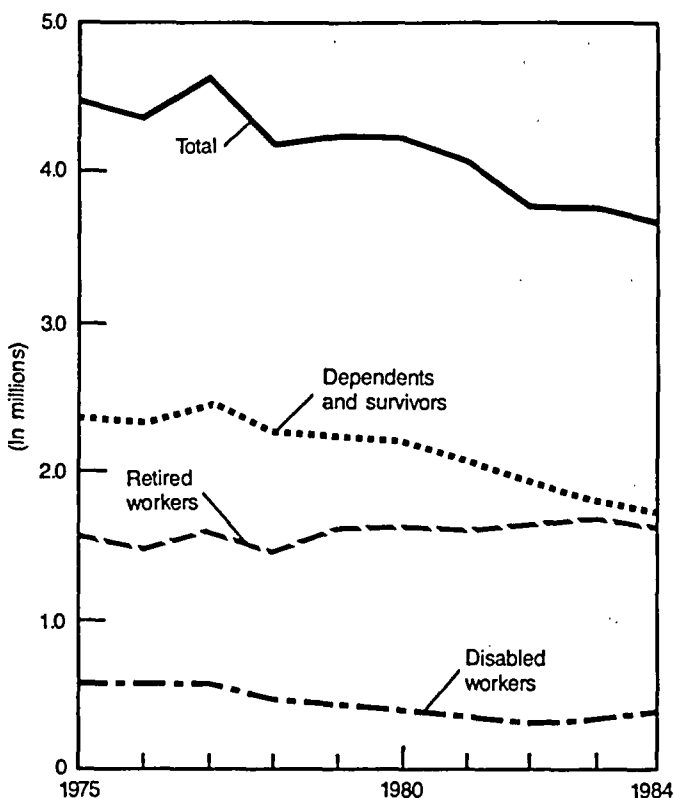
During 1984, approximately 3.7 million persons were awarded monthly cash benefits under the OASDI program. Fifty-seven percent of these beneficiaries were retired workers and their dependents, 18 percent were disabled workers and their dependents, and 25 percent were survivors of deceased workers. The total number of awards declined from 4.4 million in 1975 to 3.7 million in 1984. As seen in chart 2, a small decline in 1976 was followed by an increase that brought the total to 4.6 million awards in 1977 (the peak year in the decade), followed by a large drop in number in 1978. Small increases in 1979 were followed by a pattern of decreasing numbers of awards for the remainder of the period. However, the number of awards to retired workers generally increased slightly over the period while those to disabled workers were declining. The number of benefit awards to dependents and survivors of covered workers also declined—from 2.3 million in 1975 to 1.7 million in 1984.

Table 7 shows the average monthly benefit amounts awarded to retired and disabled workers in constant (1984) dollars. These data form a bell-shape pattern: They show increases in the real value of benefits during the late 1970's and declines during the early 1980's. The 1972 legislation, which introduced the automatic cost-of-living adjustment of benefits, contained a flaw that caused excessive increases in the average benefit amounts awarded to new beneficiaries during the second half of the 1970's. Legislation in 1977 corrected this flaw and provided for a gradual reduction in the average benefit amounts awarded to new beneficiaries during the 1980's. This reduction was designed to return the ratio of average benefit

amounts to preretirement earnings at the time of the benefit award to approximately the level that prevailed before the first automatic benefit increase in June 1975.

The real value of average benefit amounts at the time of the benefit award increased from 1975 to 1984 for men retired workers (from \$460 to \$511), as well as for men disabled workers (from \$508 to \$516).

**Chart 2. — OASDI awards, 1975-84**



Source: Annual Statistical Supplement to the Social Security Bulletin, 1984-85, table 35.

**Table 7.—Average monthly benefit amounts awarded to retired workers and disabled workers, by sex, selected years, 1975-84**

[Amounts in (constant) 1984 dollars]

Year <sup>1</sup>	Retired workers			Disabled workers		
	Total	Men	Women	Total	Men	Women
1975 .....	\$408	\$460	\$330	\$464	\$508	\$366
1977 .....	432	496	340	500	547	390
1979 .....	448	524	343	508	561	393
1981 .....	452	528	344	481	532	362
1983 .....	424	509	312	460	514	344
1984 .....	430	511	319	461	516	343

<sup>1</sup> Cost-of-living increases were effective in December in 1983 and 1984 and in June for all other years.

Source: Annual Statistical Supplement to the Social Security Bulletin, 1984-85, table 36.

However, the real value of benefits at award declined for women whether they were retired workers or disabled workers. There are a number of possible explanations for this. One suggestion is that fewer women than men earn wages above or near the taxable maximum level. In 1982, of all wage and salary workers with earnings at or above the taxable maximum, 94 percent were men. Although women's average earnings relative to those for men have remained fairly constant, women's average OASDI taxable earnings relative to those for men have fallen.

Another possible explanation is that the

number of years of covered work used to calculate the average indexed monthly earnings (AIME) of workers is gradually increasing. For workers with more than the required number of years of earnings, the years of highest earnings are used in computing the AIME. For those with fewer than the required number, years of zero earnings are included in computing the AIME and the resultant monthly benefit amount is lowered. Because women have historically spent more years out of the labor force than have men, their average earnings are more likely to be reduced by including years of zero earnings.