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## OASDI BENEFIT INCREASES RESULTING FROM THE CONVERSION OF MONTHLY RATES UNDER THE 1967 AMENDMENTS

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The 1967 amendments to the Social Security Act provided an across-the-board increase of at least 13% for OASDI monthly benefits. Data showing the effect of the conversion on average monthly

amounts for the 24.0 million benefits in current-payment status<sup>1</sup> at the end of February 1968, by type of benefit, are shown in the following table.

Effect of benefit conversion under 1967 amendments on OASDI benefits  
in current-payment status, end of February 1968

Type of benefit	Number	Average monthly amount		Average amount of increase	Percentage increase
		Before conversion	After conversion		
Total <sup>1</sup> .....	23,984,930	---	---	---	14.2
Retired workers and their dependents					
Retired-worker's.....	12,179,295	\$85.90	\$98.25	\$12.35	14.4
Wife's or husband's.....	2,664,271	44.45	51.01	6.56	14.8
Child's.....	522,181	33.68	38.32	4.64	13.8
Survivors of deceased workers					
Child's.....	2,385,101	62.70	71.13	8.43	13.4
Mother's.....	498,522	65.90	74.63	8.73	13.2
Widow's or Widower's.....	2,804,823	75.16	85.79	10.63	14.1
Parent's.....	33,166	77.26	87.66	10.40	13.5
Disabled workers and their dependents					
Disabled-worker's.....	1,212,605	98.52	111.58	13.06	13.3
Wife's or husband's.....	232,503	34.86	39.55	4.69	13.5
Child's.....	732,495	31.41	35.57	4.16	13.2
Noninsured persons aged 72 and over					
Primary.....	697,558	34.74	39.74	5.00	14.4
Wife's.....	22,410	17.47	19.97	2.50	14.3

<sup>1</sup>There were 122,000 transitional insured persons aged 72 and over receiving benefits--85,000 were retired workers, 7,000 were wives of retired workers, and 30,000 were widows. These numbers are included in the grand total and in the respective type-of-benefit totals.

<sup>1</sup>In order to assure that all beneficiaries on the rolls would receive the benefit increase in the check dated March 2, certain expedient operational measures were taken during the month of February. As a result of these actions, the 24.0 million figure overstates somewhat the number of beneficiaries in current-payment status at the end of February. Elimination of this relatively small overstatement will be automatically reflected in data on the number of beneficiaries in current-payment status at the end of March.

Several other provisions of the 1967 amendments, taken together with the 13% raise, produced benefit increases that averaged more than 13%. The composite effect of these provisions is analyzed below, by type of benefit.

## I. Retired Workers and their Dependents

### *Retired-Worker's Benefits*

The amendments provided a minimum primary insurance amount (PIA) of \$55. As a result, full-rate old-age benefits of \$44 to \$48--which made up about 9% of all old-age benefits--were increased by percentages ranging from 25% to 14.6%.

The amount of the increase for actuarially-reduced old-age benefits was equal to 13% of the PIA, or if larger the increase due to the effect of the \$55 minimum PIA, actuarially reduced by the number of months the beneficiary was under age 65 in February 1968. If the beneficiary was aged 65 or older in February, the increase was not actuarially reduced. Actuarially-reduced old-age benefits payable to retired workers aged 65 or older in February 1968 who were entitled at age 62 were increased by about 16% for benefits based on PIA's of \$49 or more and by percentages ranging from about 31% to about 18% for benefits based on PIA's of \$44 to \$48. The percentage increases, for cases where the increase was actuarially reduced, fell between the percentages for full-rate benefits and those for actuarially-reduced cases where the increase was not actuarially reduced because the beneficiary was aged 65 or older in February 1968. About 38% of all old-age benefits included in the conversion were actuarially reduced.

Rounding of benefits contributed to a minor extent in producing a larger-than-13% increase. Under the amendments, the amount obtained by increasing the old-rate benefit by 13%, if not a multiple of \$0.10, was raised to the next higher multiple of \$0.10. For example, 13% of a \$57 benefit equals \$7.41, but the rounded amount of \$7.50 represents a percentage increase of 13.16%.

The substantial number of retired workers who were receiving either full-rate benefits of \$44 to \$48 or actuarially-reduced benefits was the primary factor that resulted in raising the overall increase in the average old-age benefit to 14.4%.

Monthly benefits to the relatively small number of transitional insured persons aged 72 and over were increased from \$35 to \$40 for workers and widows and from \$17.50 to \$20 for wives. The effect of this increase is included in the overall increase in the average old-age benefit of 14.4%. Similarly, the effects of the increase to transitional insured wives and widows are included in the overall increase in the average wife's and widow's benefits discussed below.

### *Wife's or Husband's Benefits (OASI)*

The percentage increase in full-rate benefits payable to wives or husbands of retired workers was the same as that for full-rate old-age benefits based on the same PIA. Actuarially-reduced wife's or husband's benefits payable to persons aged 65 or older in February 1968 who were entitled at age 62 were increased by about 17% for benefits based on PIA's of \$49 or more and by percentages ranging from about 33% to about 19% for benefits based on PIA's of \$44 to \$48. About 55% of all wife's or husband's benefits included in the conversion were actuarially reduced.

The overall increase in the average wife's or husband's benefit was 14.8%.

### *Child's Benefits (OASI--children of retired workers)*

The percentage increase in benefits payable to children of retired workers was the same as that for full-rate old-age benefits based on the same PIA. About 17% of these children received increases in excess of 13% due to the \$55 minimum PIA.

The overall increase in the average amount was 13.8%.

## II. Survivors of Deceased Workers

### *Child's Benefits (OASI--children of deceased workers)*

Child's benefits that were based on PIA's of \$44 to \$48, payable to children of deceased workers, were increased due to the \$55 minimum PIA by percentages ranging from 25% to 14.6%.

The amount of the benefit increase for children of deceased workers in beneficiary families consisting of one child was affected by the provision for a minimum sole-survivor's

benefit of \$55. As a result, benefits for children of deceased workers in one-child-only families with PIA's of \$44 to \$64.20 were increased by 25% to 14.1%. About 8½% of all children of deceased workers were affected by either the \$55 minimum PIA or the \$55 minimum sole-survivor's benefit.

The overall increase in the average amount was 13.4%.

#### *Mother's Benefits*

As a result of the 13% benefit increase and the increase in the minimum PIA to \$55, mother's benefits based on PIA's of \$44 to \$48 were increased by 25% to 14.6%. Less than 6% of all mother beneficiaries were affected by the \$55 minimum PIA.

The overall increase in the average mother's benefit was 13.2%.

#### *Widow's, Widower's, and Parent's Benefits*

The increase in the minimum sole-survivor's benefit to \$55 also affected the amount of the benefit increase for widows, widowers, and parents. Benefits for widows, widowers, or parents in sole-survivor families with PIA's of \$44 to \$58 were increased by 25% to 14.8%. About 98% of all widows and widowers and 89% of all parents received sole-survivor's benefits.

Actuarially-reduced widow's benefits payable to widows aged 62 or older in February 1968 who were entitled at age 60 were increased by about 15% for benefits based on PIA's of \$59 or more and by 28.8% to 17.1% for benefits based on PIA's of \$44 to \$58. About 12% of all widow's benefits included in the conversion were actuarially reduced.

The overall increase in the average widow's or widower's benefit was 14.1%, while the average parent's benefit rose 13.5%.

### III. Disabled Workers and their Dependents

#### *Disabled-Worker's Benefits*

Since only 3% of the benefits payable to disabled workers on the rolls in February 1968 were actuarially reduced<sup>2</sup>, and since about 3% of the disabled-worker beneficiaries were affected by the \$55 minimum PIA provision,

the overall increase in the average disability benefit was quite close to 13%--namely, 13.3%.

#### *Wife's or Husband's Benefits (DI)*

The percentage increase in full-rate benefits payable to wives or husbands of disabled workers was the same as that for full-rate disability benefits based on the same PIA. Actuarially-reduced wife's or husband's benefits payable to persons aged 65 or older in February 1968 who were entitled at age 62 were increased by about 17% for benefits based on PIA's of \$49 or more and by percentages ranging from about 33% to about 19% for benefits based on PIA's of \$44 to \$48. About 11% of all wife's or husband's benefits included in the conversion were actuarially reduced.

The overall increase in the average wife's or husband's benefit was 13.5%.

#### *Child's Benefits (DI)*

Since only about 3% of all children of disabled workers received increases in excess of 13% due to the \$55 minimum PIA, the overall increase in the average benefit was 13.2%.

### IV. Noninsured Persons aged 72 and over

The basic monthly benefit to noninsured persons was increased from \$35 to \$40 for a single person and from \$52.50 to \$60 for a couple. The average benefits payable were slightly lower (due to reductions in a few cases for other governmental pensions).

### V. Summary

Of the 24.0 million persons reported in current-payment status at the end of February 1968:

- A. 14.9 million (62%) received an increase of 13%
- B. 1.8 million (8%) received benefit increases which were larger than 13% because of the increase to \$55 in the minimum PIA and the sole-survivor's benefit
- C. 6.4 million (27%) received benefit increases which were larger than 13% because they were entitled to actuarially-reduced benefits (Only beneficiaries who were receiv-

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<sup>2</sup>An actuarially-reduced disability insurance benefit is payable in instances in which the disabled worker was previously entitled to a reduced old-age benefit or a reduced widow's benefit.

ing full-rate benefits are included in category B, above. *All* beneficiaries who were receiving actuarially reduced benefits, including those affected by the \$55 minimum PIA and sole-survivor's benefit, are included in this category.)

D. 0.8 million (4%) were transitional insured or noninsured persons whose benefits

were increased by \$5 for a single person or by \$7.50 for a couple.

As a result of the benefit conversion, the total amount of monthly benefits in current-payment status at the end of February 1968 was raised from \$1,753 million to \$2,002 million, an increase of \$248 million or nearly 14.2%.