

# Notes and Brief Reports

## Selected Sources of Money Income for Aged Persons, June 1959\*

Substantially all aged men and 7 in 8 aged women in the United States had some cash income from employment or a public income-maintenance program in mid-1959 (table 1).

A check for old-age, survivors, and disability insurance benefits went to 68 percent of the men and 58 percent of the women aged 65 and over—9¾ million aged persons in all. In addition, there were 1.4 million persons who could have drawn benefits except for employment—about 1.1 million insured workers and about 300,000 married women whose husbands had not yet retired.

Roughly 2 million of the beneficiaries are estimated to have had some earned income as workers or wives of workers. Some of them were exempt from the operation of the retirement test under old-age, survivors, and disability insurance because they had reached age 72. Many beneficiaries with earnings, however, had only part-time or intermittent employment. Of all aged persons with work experience during 1958, only 2 in 5 worked at full-time jobs for at least 48 weeks during the year (table 2).

About 3 million aged persons had paid jobs in June 1959, and an estimated 900,000 women not themselves at work were married to men with paid employment. Of this 3.9 million with income from employment, it is estimated that more than two-thirds received some support from a public income-maintenance program — if not old-age, survivors, and disability insurance, then another retirement program or the pension and compensation programs for veterans. The others, most of whom were eligible to draw benefits when they retired, include the bulk of the most favorably situated among the aged.

At the other extreme are the aged persons who were dependent on public assistance—1.7 million for their

major support and 700,000 to supplement retirement or survivor benefits insufficient for their needs—and some of those who were dependent on children or private charity or supported in a public institution.

The veterans' programs and the retirement programs for railroad and government employees together provided income for about 1.8 million persons who were not receiving old-age, survivors, and disability insurance and 1.1 million who were. Of the total of 2.9 million, about one-fifth had some earnings and about 6 percent received both a veteran's payment and a benefit under a retirement program for railroad workers or Federal, State, or local government employees, so that the unduplicated total was less than 2.8 million. Most veterans, for example, are likely to earn insured status under a retirement program by virtue of their employment. Coverage under old-age, survivors, and disability insurance is,

of course, most common, but veterans' preference provisions of many civil-service systems mean that a large proportion of retired government employees are likely to receive veterans' payments also. In addition, many Federal Government employees have outside employment as well and build up rights to old-age, survivors, and disability insurance benefits, and many State and local government employees have dual coverage.

Private pensions under insured and noninsured group plans were paid to a not inconsiderable number of persons aged 65 and over, an estimated 1¼ million at the end of 1958—about ¼ million higher than the number a year earlier. Probably more than 1 million of these pensioners were old-age, survivors, and disability insurance beneficiaries.

In addition, at the start of 1959, according to a special study conducted by the Institute of Life Insurance,<sup>1</sup> there were 374,000 individual

<sup>1</sup> See *The Tally of Life Insurance Statistics*, September 1959.

Table 1.—Estimated number of persons aged 65 and over in the United States receiving money income from specified sources, by sex, June 1959<sup>1</sup>

Source of money income <sup>2</sup>	Number (in thousands)			Percentage distribution		
	Total	Men	Women	Total	Men	Women
1. Population aged 65 and over, total.....	15,520	7,030	8,490	100.0	100.0	100.0
2. Employment.....	3,920	2,260	1,660	25.2	32.1	19.6
Earnings.....	3,030	2,260	770	19.5	32.1	9.1
Nonworking wives of earners.....	890		890	5.7		10.5
3. Social insurance and related programs <sup>3</sup> .....	11,390	5,600	5,790	73.4	79.7	68.2
Old-age, survivors, and disability insurance.....	9,720	4,900	4,820	62.6	68.3	58.0
Railroad retirement program.....	610	310	300	3.9	4.4	3.5
Government employees' retirement programs.....	930	460	470	6.0	6.5	5.5
Veterans' compensation and pensions.....	1,390	790	600	9.0	11.2	7.1
4. Public assistance <sup>4</sup> .....	2,480	950	1,530	16.0	13.5	18.0
5. No money income or income solely from other sources.....	1,090	50	1,040	7.0	.7	12.2
6. Income from more than one of sources in lines 2-4.....	3,360	1,830	1,530	21.6	26.0	18.0
OASDI and employment <sup>5</sup> .....	1,980	1,010	970	12.8	14.3	11.4
Other programs and employment <sup>5</sup> .....	680	420	260	4.3	6.0	3.1
Old-age assistance and OASDI.....	660	380	280	4.2	5.4	3.3
Other assistance and OASDI or related programs.....	40	20	20	.3	.3	.2

<sup>1</sup> Data relate to the continental United States, to Alaska and Hawaii, and to Puerto Rico and the Virgin Islands. Persons with income from sources specified may also have received money income from other sources, such as interest, dividends, private pensions or annuities, or cash contributions from relatives.

<sup>2</sup> Because persons frequently have income from more than one of the sources specified, the sum of persons shown on lines 2-5 exceeds the total number in the population (line 1). The estimates of persons with income from more than one source are developed from survey data and are therefore subject to sampling and reporting errors, as well as the error inherent in projecting survey findings to additional population groups and different dates, errors that are relatively more significant for small estimates.

<sup>3</sup> Persons with income from more than one of the programs listed are counted only once. Estimates of beneficiaries under programs for government

employees and veterans are not entirely consistent with those published previously because of the availability of new data. Estimates of women with benefits under these programs include the estimated number of beneficiaries' wives not in direct receipt of benefits.

<sup>4</sup> Old-age assistance recipients and persons aged 65 and over receiving aid to the blind or to the permanently and totally disabled; includes a small number receiving vendor payments for medical care but no direct cash payment.

<sup>5</sup> Excludes a small number with income from employment and OASDI and also a related program; the figures on line 3 have already been adjusted for overlap among the insurance and related programs.

Source: Estimated in the Division of Program Research on the basis of published and unpublished data from the Bureau of the Census, the Bureau of Labor Statistics, and agencies administering income-maintenance programs.

\* Prepared by Lenore A. Epstein, Division of Program Research, Office of the Commissioner.

annuities and 181,000 annuities elected as settlements under life insurance policies paying income to persons aged 65 and over. No information is available on the other types of income received by these annuitants. Only 1 to 2 percent of the aged beneficiaries covered in the 1957 survey of old-age and survivors insurance beneficiaries—generally those who also had asset income in the form of interest, dividends, or rents—reported receipt of such annuities.

An owned home is, of course, an important resource of aged persons. According to the latest Survey of Consumer Finances, 66 percent of all nonfarm families with head aged 65 and over owned their homes early in 1959.<sup>2</sup>

The extent of home ownership among old-age and survivors insurance beneficiaries and its relation to the money-income level were analyzed in a recent BULLETIN article.<sup>3</sup> Data that have recently been summarized on receipt of noncash income round out the picture somewhat. On the assumption that homeownership is always "profitable," it could be said that in 1957 about four-fifths of the beneficiary couples and three-fifths of the nonmarried aged beneficiaries had some noncash income—defined to include homeownership, other housing furnished without cost, food raised or received as a gift or pay, gifts of clothing in significant amounts, and medical care provided free or at the expense of some agency or person other than the beneficiary. Actually, about 80 percent of the homeowners reported a net gain for the year in the sense that the estimated rental value exceeded their current housing expenses.

Only 12 percent of the couples and about one-fourth of the other aged beneficiaries had noncash income only from sources other than homeownership. A fourth of the couples and less than half as many of the other aged beneficiaries had some home-produced food. Clothing gifts were negligible, but medical care for

which the beneficiary did not pay was an item for 1 in 9 of the couples and 1 in 6 of the others. No information was collected on the amount of noncash income received.

Monthly benefit payments under the old-age, survivors, and disability insurance and railroad programs were up from \$7.3 billion in 1958 to an annual rate of \$8.4 billion by June 1959. The rise resulted in part from the steady increase in the number of beneficiaries but even more from the increase of about 7 percent in old-age, survivors, and disability insurance benefits, effective January 1959, and the 10-percent increase in railroad retirement benefits, effective in June. Public assistance to the aged increased also, from \$1.7 billion to an annual rate of almost \$1.9 billion, partly as a result of changes made by the 1958 amendments to the Social Security Act in the provisions for Federal matching. Total payments to aged veterans undoubtedly increased as more and more World War I veterans reached age 65. It is not feasible at this time to estimate the change in rate of payments under this or the public employee retirement programs or in other types of income of aged persons. It seems highly probable, however, that the rate of increase in the aggregate income of the aged from all sources was less than that in payments under the social security and railroad worker programs.

In 1958 the aggregate cash income of aged persons probably exceeded \$25 billion and may have been close to \$30 billion. An earlier estimate of \$24-\$27 billion was calculated on the assumption that the average total income of aged persons was the same in 1958 as in 1957 and that an aggregate income figure based directly on survey data of the Bureau of the Census represented about 80-90 percent of the actual aggregate. The revision takes account of earnings estimates and the fact that data now suggest some rise from 1957 to 1958 in the average income of aged persons. Furthermore, analysis of the Internal Revenue Service tabulations of 1956 individual income-tax returns for persons aged 65 and over suggests that an aggregate income figure based directly on survey data repre-

Table 2.—Estimated number of persons aged 65 and over in the continental United States who worked in 1958, by extent of employment and by sex and age

[Noninstitutional population; in thousands]

Sex and age	Total number aged 65 and over	Persons aged 65 and over with work experience				
		Any work <sup>1</sup>	Full-time jobs <sup>2</sup>		Part-time jobs <sup>3</sup>	
			48-52 weeks	Less than 48 weeks	48-52 weeks	Less than 48 weeks
Total..	14,870	4,090	1,670	820	770	830
Men.....	6,750	2,930	1,310	610	480	530
65-69.....	2,640	1,620	820	370	210	220
70 and over..	4,110	1,310	490	240	270	310
Women.....	8,120	1,160	360	210	290	300
65-69.....	2,980	690	230	140	140	180
70 and over..	5,140	470	130	70	150	120

<sup>1</sup> Work at any time during the year on part-time or full-time basis.

<sup>2</sup> Jobs providing 35 hours or more a week in a majority of the weeks worked in the year.

<sup>3</sup> Jobs providing less than 35 hours a week in a majority of the weeks worked in the year.

Source: Bureau of the Census, *Current Population Reports, Labor Force*, Series P-50, No. 91, "Work Experience of the Population in 1958" (June 30, 1959).

sents 75-85 percent of the actual aggregate rather than 80-90 percent as previously assumed.

Estimates based partly on reports on earnings covered under old-age, survivors, and disability insurance indicate that in 1958 earnings of aged persons probably aggregated \$9.5-\$10.5 billion. Payments under private pension plans and individual annuities to persons aged 65 and over aggregated roughly \$1.5 billion.

In summary, the money income of aged persons was distributed by source roughly as follows in 1958:

Source	Amount (in billions)
Total .....	\$25.0-30.0
Social insurance and related programs .....	8.8-9.3
OASDI .....	6.7
Railroad retirement .....	.6
Veterans' programs and government employees' retirement .....	1.5-2.0
Public assistance .....	1.7
Private pension plans and individual annuities .....	1.5
Employment .....	9.5-10.5
Other <sup>1</sup> .....	3.5-8.0

<sup>1</sup> Residual; includes interest, dividends, rents, and contributions.

Social insurance programs by their nature make payments that are lim-

<sup>2</sup> *Federal Reserve Bulletin*, September 1959.

<sup>3</sup> See Lenore A. Epstein, "Money Income of Aged Persons: A 10-Year Review, 1948 to 1958," *Social Security Bulletin*, June 1959, page 8.

ited in amount. Thus, despite the fact that the number of aged persons with income from earnings was only one-third the number receiving payments under social insurance and related programs, the earnings of employed persons were larger than payments under such programs and almost as large as total payments under all public income-maintenance programs, including public assistance.

## Workmen's Compensation Payments and Costs, 1958\*

Payments for wage loss and medical benefits under workmen's compensation programs continued to rise in 1958, against a backdrop of conflicting economic developments. As the economy dipped downward, (1) the number of workers covered by workmen's compensation in an average week dropped an estimated 1½ million to a total of 40½-41 million; (2) covered payrolls declined a little more than 1 percent to an estimated \$183 billion; and (3) the number of disabling work injuries—compensable and noncompensable—reported by the Bureau of Labor Statistics was some 4 percent less than the 1957 estimate, in part because of an improvement in accident rates.

These recession effects were offset when (1) average wages, on which cash benefits are based, went up 3 percent from 1957 to 1958; (2) medical care prices advanced 5 percent, according to the consumer price index of the Bureau of Labor Statistics; and (3) four States enacted legislation increasing cash benefits for all types of disability, and in a third of the States the full force of liberalizing amendments passed in 1957 was first felt in 1958.

The net effect of these counteracting influences was a rise of \$51 million in workmen's compensation benefit payments to a total of \$1,113 million in 1958. Aggregate benefits as a proportion of covered payroll reached 0.61 percent—the highest

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## Estimates of workmen's compensation payments, by State and type of insurance, 1958 and 1957<sup>1</sup>

[In thousands]

State	1958				1957				Percentage change in total payments, 1958 from 1957
	Total	Insurance losses paid by private insurance carriers <sup>2</sup>	State fund disbursements <sup>3</sup>	Self-insurance payments <sup>4</sup>	Total	Insurance losses paid by private insurance carriers <sup>2</sup>	State fund disbursements <sup>3</sup>	Self-insurance payments <sup>4</sup>	
Total.....	\$1,113,253	\$694,373	\$284,983	\$133,897	\$1,061,924	\$660,903	\$271,527	\$129,494	+4.8
Alabama.....	6,307	5,047	-----	1,260	5,550	4,440	-----	1,110	+13.6
Arizona.....	9,187	258	8,700	229	8,600	253	8,099	248	+6.8
Arkansas.....	6,703	5,493	-----	1,210	6,370	5,220	-----	1,150	+5.2
California.....	119,087	78,985	27,772	12,330	107,200	71,361	24,739	11,100	+11.1
Colorado.....	8,896	2,936	5,150	810	8,039	2,891	4,418	730	+10.7
Connecticut.....	17,844	16,059	-----	1,785	18,165	16,350	-----	1,815	-1.8
Delaware.....	1,651	1,321	-----	330	1,604	1,284	-----	320	+2.9
District of Columbia.....	3,757	3,477	-----	280	3,476	3,186	-----	290	+8.1
Florida.....	26,709	24,584	-----	2,125	23,992	22,017	-----	1,975	+11.3
Georgia.....	10,334	8,834	-----	1,500	9,714	8,304	-----	1,410	+6.4
Idaho.....	4,406	2,892	999	515	4,084	2,818	791	475	+7.9
Illinois.....	58,125	47,753	-----	10,372	56,544	46,340	-----	10,204	+2.8
Indiana.....	16,860	14,360	-----	2,500	16,692	14,217	-----	2,475	+1.0
Iowa.....	7,869	6,294	-----	1,575	7,994	6,394	-----	1,600	-1.6
Kansas.....	10,308	8,248	-----	2,060	9,810	7,850	-----	1,960	+5.1
Kentucky.....	11,617	7,902	-----	3,715	11,329	7,659	-----	3,670	+2.5
Louisiana.....	28,700	24,320	-----	4,380	26,114	22,129	-----	3,985	+9.9
Maine.....	2,771	2,411	-----	360	2,639	2,294	-----	345	+5.0
Maryland.....	16,893	12,779	1,774	2,340	14,820	11,100	1,690	2,030	+14.0
Massachusetts.....	37,858	35,053	-----	2,805	37,892	35,087	-----	2,805	-1
Michigan.....	40,081	26,501	2,585	10,995	38,287	25,392	2,576	10,319	+4.7
Minnesota.....	19,202	15,972	-----	3,230	17,501	14,561	-----	2,940	+9.7
Mississippi.....	6,200	5,660	-----	540	5,683	5,149	-----	534	+9.1
Missouri.....	20,258	17,463	-----	2,795	19,502	16,727	-----	2,775	+3.9
Montana.....	5,403	1,211	3,173	1,019	5,372	1,390	2,988	994	+6
Nebraska.....	3,976	3,864	-----	112	3,675	3,570	-----	105	+8.2
Nevada.....	4,333	4	4,124	205	4,326	2	4,119	205	+2
New Hampshire.....	2,671	2,621	-----	50	2,795	2,740	-----	55	-4.4
New Jersey.....	54,113	47,551	-----	6,562	49,287	42,959	-----	6,328	+9.8
New Mexico.....	5,959	5,554	-----	405	5,511	5,136	-----	375	+8.1
New York.....	155,330	95,482	40,091	19,757	151,948	93,302	39,319	19,327	+2.2
North Carolina.....	12,213	10,093	-----	2,120	11,608	9,593	-----	2,015	+5.2
North Dakota.....	2,160	10	2,150	-----	2,072	3	2,069	-----	+4.2
Ohio.....	76,064	103	66,053	9,908	75,502	156	65,518	9,828	+7
Oklahoma.....	15,466	12,213	2,123	1,130	15,019	11,838	1,916	1,265	+3.0
Oregon.....	22,092	2,114	19,978	-----	19,323	1,690	17,733	-----	+14.3
Pennsylvania.....	43,281	28,340	3,720	11,221	43,963	28,508	3,723	11,732	-1.6
Rhode Island.....	6,538	6,227	-----	311	6,470	6,100	-----	370	+1.0
South Carolina.....	6,471	5,306	-----	1,165	5,698	4,633	-----	1,065	+13.6
South Dakota.....	1,349	1,134	-----	215	1,106	931	-----	175	+22.0
Tennessee.....	13,138	10,538	-----	2,600	12,512	9,998	-----	2,514	+5.0
Texas.....	59,727	59,727	-----	-----	58,423	58,423	-----	-----	+2.2
Utah.....	3,300	1,167	1,583	550	3,250	1,157	1,553	540	+1.5
Vermont.....	1,665	1,515	-----	150	1,655	1,505	-----	150	+6
Virginia.....	10,868	8,873	-----	1,995	10,101	8,246	-----	1,855	+7.6
Washington.....	21,996	567	21,069	360	20,877	474	20,043	360	+5.4
West Virginia.....	13,966	56	13,023	887	13,715	43	12,777	895	+1.8
Wisconsin.....	18,634	15,500	-----	3,134	18,637	15,561	-----	3,076	0
Wyoming.....	1,327	1	1,326	-----	1,386	22	1,364	-----	-4.3
Federal workmen's compensation:									
Civilian employees <sup>5</sup> .....	40,076	-----	40,076	-----	37,453	-----	37,453	-----	+7.0
Other <sup>6</sup> .....	19,514	-----	19,514	-----	18,639	-----	18,639	-----	+4.7

<sup>1</sup> Data for 1958 preliminary. Calendar-year figures, except that data for Montana and West Virginia, for Federal workmen's compensation, and for State fund disbursements in Maryland, Nevada, North Dakota, Oregon, and Utah represent fiscal years ended in 1957 and 1958. Includes benefit payments under the Longshoremen's and Harbor Workers' Compensation Act and the Defense Bases Compensation Act for the States in which such payments are made.

<sup>2</sup> Net cash and medical benefits paid by private insurance carriers under standard workmen's compensation policies. 1957 data primarily from the *Spectator: Insurance by States of Fire, Marine, Casualty, Surety and Miscellaneous Lines*, 86th annual issue. For 1958, unpublished data furnished by Chilton Company, publisher of *Spectator*.

<sup>3</sup> Net cash and medical benefits paid by State

funds; compiled from State reports (published and unpublished) and from the *Spectator*; estimated for some States.

<sup>4</sup> Cash and medical benefits paid by self-insurers, plus the value of medical benefits paid by employers carrying workmen's compensation policies that do not include the standard medical coverage. Estimated from available State data.

<sup>5</sup> Payments to civilian Federal employees (including emergency relief workers) and their dependents under the Federal Employees' Compensation Act.

<sup>6</sup> Includes primarily payments made to dependents of reservists who died while on active duty in the Armed Forces, to individuals under the War Hazards Act, War Claims Act, and Civilian War Benefits Act, and to cases involving Civil Air Patrol personnel.