

Money Income of Aged Persons, Mid-1960

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THE 1950's saw divergent trends in the income position of the aged. Labor-force participation rates for men continued their secular downward trend, bringing reduced income for many. At the same time, development of the public income-maintenance programs brought a measure of income security to most persons aged 65 and over and moved many of them a step or two up the income scale.

SOURCES OF INCOME

Earnings and Payments Under Public Programs

The special problems of our aged population that result from their withdrawal from the labor force and the resultant drop in their income continue to be of national concern. It is nevertheless encouraging that in mid-1960 four-fifths of all persons aged 65 and over in the United States were receiving some regular income on the basis of previous if not current employment, compared with about half the aged population 10 years earlier.

This improvement is the more remarkable because the total number of aged persons with paid employment was almost identical in June 1950 and June 1960—about 3 million. Fewer of the earners were men, and hence the number of married women supported by their husbands' earnings was somewhat smaller. Since at the same time the aged population increased by 3½ million, the result is a sharp decline—from almost one-third to less than one-fourth—in the proportion with any income from current employment (table 1).

The number of aged persons receiving social insurance benefits based on previous employment more than quadrupled, going from 2.7 million to 11.6 million, in the same 10-year period.

Expansion of coverage under the old-age, survivors, and disability insurance program, together

with the maturing of the system, was of course the major contributing factor. The overall count of aged beneficiaries in the United States went from 2.1 million in June 1950 to 10.5 million in June 1960. The growth in the number of women receiving old-age benefits on the basis of their own employment record—from 200,000 to 2.4 million—was particularly striking and reflects the increasing employment of middle-aged and older women since World War II.

Special programs that provide benefits after the retirement or death of a worker in railroad or government employment now help support an estimated 1.6 million aged persons. At least one-fourth of them also receive old-age, survivors, and disability insurance benefits.

With the large number of older workers who are in the labor force only part-time or intermittently, it is not surprising that, of the 13 million aged persons receiving some regular income in mid-1960 on the basis of previous or current work, all but about 10 percent had retired from regular full-time employment. In other words, about 2.4 million with earned income were also receiving social insurance benefits and 1.4 million were not. Some of the latter received payments under the programs for veterans or from public assistance. Practically all those with income from employment who were not drawing social insurance benefits could have done so if they had chosen to retire.

Veterans' compensation and pension programs now afford income support for every tenth person aged 65 or older. With the aging of the World War I veteran population, the relative growth during the past decade was even more rapid for veterans' programs than for old-age, survivors, and disability insurance as a source of support for aged persons. Payments under the veterans' programs went to about 300,000 persons in 1950 and to about 1.6 million in mid-1960. Included are aged wives of veterans receiving pensions or compensation, even though they did not themselves receive direct payments. (Beginning July 1960 a veteran with dependents is eligible for a larger pension than one without.)

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TABLE 1.—Estimated number of persons aged 65 and over in the United States¹ with money income from employment or social insurance, June 1960, by sex, and June 1950

[In thousands]

Type of money income	June 1960			June 1950
	Total	Men	Women	Total
Total population aged 65 and over.....	15,850	7,140	8,710	12,270
Employment or social insurance or both.....	13,090	6,640	6,450	6,390
Employment.....	3,880	2,200	1,680	3,930
Earners.....	3,030	2,200	830	3,000
Nonworking wives of earners.....	850	—	850	930
Social insurance benefits ²	11,630	5,640	5,990	2,740
Old-age, survivors, and disability insurance.....	10,460	5,070	5,390	2,090
Railroad retirement.....	640	320	320	360
Government employee retirement.....	990	490	500	350

¹ The 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands.

² Persons with income from more than one of the programs listed are counted only once. Estimates of women with benefits under the government employee programs include estimated number of beneficiaries' wives not in direct receipt of benefits.

In addition to those with some income from employment, it is estimated that about 60 percent of the aged veterans and their dependents or survivors also received a social insurance benefit in mid-1960, usually under the old-age, survivors, and disability insurance program (table 2). There were only one-fourth to one-fifth who did not also have some income from employment or another public income-maintenance program, compared with almost two-thirds of the old-age, survivors, and disability insurance beneficiaries in a similar situation.

In June 1960 there were 12.3 million aged persons—more than 3 in every 4—receiving income under one or more of the social insurance or veterans' programs—referred to as social insurance and related programs in previous notes and articles in this series. Eighty-three percent of the aged men and 73 percent of the aged women drew benefits because of former employment or military service.

The expansion of the social insurance programs, as well as the growth in the number of veterans receiving payments, has brought about a gradual decline in the size of the old-age assistance caseload during the past decade—from 23 percent of those aged 65 and over to 15 percent. Nevertheless, that program still plays a major role as the second largest income-maintenance program for the aged. Old-age assistance recipients and persons past age 65 receiving aid to the blind or to the disabled numbered about 2.4 mil-

lion in mid-1960, compared with 2.8 million 10 years earlier.

An increasing proportion of public assistance recipients are on the rolls because their social insurance benefits do not meet their needs as measured by State standards or because advanced age, large medical bills, or other emergencies have exhausted their resources. The 700,000 persons receiving payments under both types of program in mid-1960—more than twice as many as in mid-1950—represented less than 5 percent of all persons aged 65 and over but 30 percent of the aged recipients of assistance. A sample survey of old-age assistance recipients, conducted in September 1960, will yield information on the sex, age, marital status, resources, and medical care of those presently on the rolls and give some guidance concerning the prospects for the future size of the old-age assistance caseload.

Additional public income-maintenance programs, excluded from the discussion thus far because information is not adequate to integrate them in the series, include unemployment and temporary disability insurance and workmen's compensation. In mid-1960, slightly more than

TABLE 2.—Estimated number of persons¹ aged 65 and over in the United States¹ with money income from employment or public programs, June 1960

Type of money income	Number (in thousands)	Percent
Total population aged 65 and over.....	15,850	100.0
Employment, total ²	3,880	24.5
Employment and no income from public programs.....	1,060	6.7
Employment and social insurance benefits.....	2,420	15.3
Employment and payments under other public programs.....	400	2.5
Social insurance (retirement and survivor) benefits, total ³	11,630	73.4
Benefits and no earnings or veterans' or public assistance payments.....	7,520	47.4
Benefits and veterans' payments.....	960	6.1
Benefits and public assistance.....	730	4.6
Veterans' pension or compensation, total ⁴	1,600	10.1
Veterans' payment and no earnings, social insurance, or assistance.....	350	2.2
Public assistance, total ⁵	2,420	15.3
Public assistance and no payments under other public programs ⁶	1,690	10.7
No income from employment or public programs.....	830	5.2

¹ The 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands.

² Includes 3,030,000 earners and an estimated 850,000 nonworking wives of earners.

³ Includes persons with income from one or more of the following sources: old-age, survivors, and disability insurance, railroad retirement, and government employee retirement (see table 1). Excludes persons with benefits under unemployment or temporary disability insurance or workmen's compensation programs.

⁴ Includes estimated number of beneficiaries' wives not in direct receipt of benefits.

⁵ Old-age assistance recipients and persons aged 65 and over receiving aid to the blind or to the permanently and totally disabled, including a small number receiving vendor payments for medical care but no direct cash payment.

⁶ Includes a small number with some earnings.

100,000 persons aged 65 and over were counted among the unemployed insured under State programs. Some had not yet applied for old-age, survivors, and disability insurance benefits because of employment; others had retired and then reentered the labor force but were still eligible for retirement benefits. There is no basis, however, for estimating the number receiving both types of benefit concurrently.

For workmen's compensation and for cash sickness insurance, no information is available for estimating even the total number aged 65 or over on the rolls. It is probable, however, that the number involved would not be enough to change very much the present estimate that, in mid-1960, 88 percent of all persons aged 65 and over received some income from public programs and all but 1 in 20 had some income from employment or public programs.

Private Pensions and Annuities

The number of aged persons receiving benefit payments as a result of private group retirement plans probably exceeded $1\frac{1}{3}$ million by mid-1960. Although precise data are lacking, there is little doubt that the vast majority of these pensioners, under insured and noninsured plans, were old-age, survivors, and disability insurance beneficiaries.

There were probably at least 570,000 annuities providing income to persons aged 65 and over. These are annuities purchased individually or elected as settlements under life insurance policies. Some aged persons may have had more than one. Most but not all of the annuities undoubtedly went to persons with other forms of income.

Money Income From Other Sources

The relatively small group of aged persons with no income from employment or public programs is made up predominantly of women, usually in the older ages. Some of them have annuities or other investment income, some live with relatives who provide their full support, and some are maintained in tax-supported institutions.

For the aged population as a whole, no up-to-

date information is available on the receipt of income from assets accumulated in earlier years or on cash contributions from relatives and friends outside the household. The most recent survey of the resources of aged old-age, survivors, and disability insurance beneficiaries showed that two-thirds of the aged beneficiary groups received little or no income in 1957 in the form of interest, dividends, or rents and that many of the others received only modest amounts.¹ Less than 10 percent of all aged beneficiaries were helped by cash contributions from relatives outside the home. A study of persons on the Veterans Administration pension rolls in March 1955 showed that less than one-fourth of the veterans aged 65 and over and slightly more than one-third of the veterans' widows in this age group had received any income during the preceding year from sources other than employment, old-age, survivors, and disability insurance, and annuities or benefits under other retirement plans.²

A small national sample survey undertaken by the National Opinion Research Center for the Health Information Foundation showed that in 1956 nearly one-fourth of the aged men not in institutions had some interest, dividends, annuities, or insurance and one-fifth (with some overlap between these two proportions) received rent from a house or property.³ In all, 8.4 percent of the men reported such receipts as their main source of income. Cash contributions from persons outside the household were reported by only 5 percent of the men and constituted the main source of money income for less than 2 percent. Property income and contributions were each more likely to be the main source of cash funds for women than for men, but the precise figures reported have only limited significance because married women with no independent income were tabulated as having the same main source of income as their husbands. The underrepresentation of those in the upper age

¹ See "Income of OASI Beneficiaries: Highlights From Preliminary Data, 1957 Survey," *Social Security Bulletin*, August 1958.

² President's Commission on Veterans' Affairs, *Veterans' Non-Service-Connected Pensions*, Staff Report No. 10, August 27, 1956, Appendix D, tables 1 and 4.

³ Ethel Shanas, *Financial Resources of the Aging*, Health Information Foundation, Research Series, No. 10, 1959.

groups and the failure to include at all those "too ill to be interviewed"—considered to be among the less favorably situated—may well have resulted in an overestimate of the proportion receiving asset income. These factors may also have resulted in some underestimate of the proportion receiving contributions, as there was for persons receiving public assistance.

AGGREGATE MONEY INCOME

Clearly the decade of the fifties brought increased security to persons aged 65 and over in that most of them are now assured of some regular income through public programs—increasingly without a means test—when earnings decline or cease.

Retirement income is, of course, smaller, on the average, than earned income. What then has been the effect of the two factors—the decline in the proportion employed and the large increase in the number receiving social insurance benefits—on the total amount of money income received by aged persons?

Reports by the Bureau of the Census on the distribution of aged persons according to money income give a partial answer (discussed below) that is particularly significant for analysis of the welfare of this population group. Household surveys do not, however, provide a good basis for estimating the aggregate income of aged persons. Yet the distribution of income by type and among different population groups can be analyzed most conveniently in terms of aggregates.

Payments Under Public Programs

In 1960, payments under public income-maintenance programs to persons aged 65 and over will, it is estimated, amount to almost \$14 billion (table 3). The aggregate income of all persons aged 65 and over in the United States was estimated very roughly for the year 1958 at \$25–\$30 billion—probably closer to \$30 billion.⁴ In 1960, the total will probably be \$2–\$3 billion higher than the 1958 estimate for an aged population about 700,000 larger. If so, public income-main-

tenance payments will account for at least two-fifths of the total and possibly for slightly more than half.

As would be expected from the fact that two-thirds of all aged persons were receiving benefits under the old-age, survivors, and disability insurance program in mid-1960, this program is now responsible for the major share of the payments under public programs—62 percent. Because of higher average benefits, the programs that provide support after the retirement or death of a railroad or government employee are contributing almost one-fourth as much as old-age, survivors, and disability insurance, even though they pay benefits to less than one-sixth as many. Compensation for service-connected disability and pensions to veterans or their dependents aged 65 or over—mostly World War I veterans—amount to only about 8 percent of the total, although such payments reach 1 in every 10 aged persons. Public assistance accounts for the other 14 percent of all income-maintenance payments.

Only 10 years ago public assistance was responsible for about half of all payments to the aged under public income-maintenance programs in the United States. Old-age, survivors, and disability insurance benefits, on the other hand, amounted to less than one-fifth.

Private Pensions and Annuities

Although reports on total benefit payments under private pension and deferred profit-sharing plans are not yet complete for 1959, a conservative projection of the amount of such payments in 1960 to persons aged 65 and over would be at least \$1½ billion. Individual annuities and annuity settlements under life insurance policy

TABLE 3.—Estimated total payments to persons aged 65 and over in the United States under public income-maintenance programs, 1950 and 1960

[In millions]		
Program	1960	1950
Total.....	\$13,760	\$2,910
Social insurance (monthly retirement and survivor benefits):		
Old-age, survivors, and disability insurance.....	8,540	550
Railroad and government employee retirement programs.....	2,090	600
Veterans' compensation and pension.....	1,140	270
Public assistance.....	1,990	1,490

⁴ See the *Bulletin*, December 1959, page 14.

proceeds will probably bring to roughly \$1½ billion the total income payments of this type that go to aged persons.

Benefit payments under private pension plans to persons of all ages were only about one-fourth as large in 1950 as in 1960. Income paid as annuities under supplementary life insurance contracts in 1950 was half as large as the amount 10 years later. The amount paid by individual annuities was about the same in the 2 years. Information is not available on the proportion of beneficiaries aged 65 and over in 1950. With payments to aged persons under public programs up nearly fivefold, however, it is clear that during the 1950's private income-maintenance provisions became relatively less important than the public programs as an income source for aged persons.

Earnings

Estimates based largely on earnings reported as covered under the old-age, survivors, and disability insurance program in recent years suggest that income from employment in 1960 probably ranged between \$10 billion and \$11 billion for aged persons. This is about the same amount that was paid in benefits under old-age, survivors, and

disability insurance and the programs for retired government and railroad employees.

In 1960, probably for the first time, aggregate earnings failed to exceed benefit payments based on previous employment. For 1958, only 2 years earlier, earnings were estimated at \$9.5-\$10.5 billion, compared with less than \$8 billion for benefit payments.

Average earnings per worker were smaller in 1950 than in 1960, but more aged men were in the labor force and they were more likely to be employed full time. Aggregate earnings then probably amounted to \$7-\$8 billion, or roughly half of all money income and many times the benefits paid on the basis of earlier employment.

SIZE OF INCOME

Current cash income, of course, does not represent all resources available to aged persons—or to others. Persons aged 65 and over are particularly likely to own homes mortgage-free, and their out-of-pocket housing costs are thus usually reduced. Statistics on the number with cash incomes of varying amounts are nevertheless an important indicator of the welfare of this growing segment of our population. Because small or irregular receipts may be forgotten and because persons with very large incomes are less likely to cooperate in a household survey than those with low or moderate incomes, there is characteristically some understatement of amounts received. Both the regularity in pattern over the past decade and the gradual upward shift, however, give assurance of the validity of the data for the group as a whole.

Annual income surveys made by the Bureau of the Census leave no doubt that many older persons now live on small cash incomes. At the same time their situation has improved considerably with the growth of the income-maintenance programs that provide some cash to many who previously might have had to rely entirely on relatives who provided room and board.

The latest survey of the Bureau of the Census shows that in 1959, of all persons aged 65 and over who were not in institutions, 55 percent had less than \$1,000 (including married women entirely dependent on their husbands) and 13 percent had more than \$3,000. In 1959 the purchasing power of the dollar was 20 percent less

TABLE 4.—Percentage distribution of persons aged 65 and over, by total money income, and by sex, 1949 and 1959¹

Money income class	[Noninstitutional population]					
	Total		Men		Women	
	1959	1949	1959	1949	1959	1949
Number (in thousands).....	15,260	11,270	6,880	5,320	8,370	5,950
Total percent.....	100.0	100.0	100.0	100.0	100.0	100.0
Less than \$1,000 ²	55.1	74.3	30.0	55.6	75.8	91.1
Zero.....	15.1	30.7	3.2	12.0	24.9	47.5
\$1-499.....	13.1	24.2	7.2	22.6	18.0	25.7
500-999.....	26.9	19.4	19.6	21.0	32.9	17.9
1,000-1,999.....	23.3	12.5	32.8	19.5	15.5	6.1
1,000-1,499.....	15.0	7.1	19.7	11.0	11.1	3.7
1,500-1,999.....	8.3	5.4	13.1	8.8	4.4	2.4
2,000-2,999.....	8.9	6.2	14.3	10.9	4.4	1.9
3,000-4,999.....	6.7	4.8	11.6	9.5	2.6	.6
5,000 or more.....	6.1	2.1	11.4	4.2	1.6	.3
Median income for:						
All persons.....	\$900	\$400	\$1,520	\$870	\$610	\$50
Income recipients.....	1,080	770	1,580	1,020	800	520
Year-round, full-time workers.....	(3)	(3)	3,980	(3)	2,270	(3)

¹ 1959 data for the United States include Alaska and Hawaii; 1949 data exclude Alaska and Hawaii.

² Includes a small number reporting a net loss.

³ Not available.

Source: U.S. Bureau of the Census, *Current Population Reports, Consumer Income, Series P-60, Income of Families and Persons in the United States, No. 7 (1949) and No. 35 (1959)*.

than in 1949 and many more of the aged lived in urban areas where costs are higher. A considerable improvement in their economic situation is nevertheless suggested by the drop from 74 percent in 1949 to 55 percent in 1959 in the proportion with less than \$1,000 and the rise from 7 percent to 13 percent in the proportion with \$3,000 or more.

The large increase in the number of women with some cash income of their own was, of course, a major factor in this gain, although many of them are still receiving less than \$1,000. The problem in statistics for aged women of classifying at zero or very low incomes married women supported by their husbands does not arise in the data for aged men. These statistics also can be misleading, however, because although some men have only themselves to support, others provide for a wife and a few for children also. The survey shows that about half the men aged 65 and over had incomes below \$1,500 and about half had \$1,500 or more. Almost one-fourth had \$3,000 or more, and the same proportion reported less than \$870. Most of the former had regular employment; most of the latter received public

assistance or small payments under other income-maintenance programs.

As previously noted, many older persons have acquired savings and property that could in some measure offset the reduction in current cash income that follows retirement. All surveys, however, point to the fact that those whose incomes are lowest and who would benefit most from assets readily convertible to cash are the least likely to have them.⁵ By the same token, those with relatively high incomes are most likely to have financial assets. Similarly, the persons with the most limited financial resources—whether measured in terms of income or financial assets—are the least likely to own their homes. This relationship between assets and income is, of course, not unexpected because both income and assets after retirement are related to earnings in earlier years and to the opportunity they afforded for accumulating savings.

⁵ For supporting data see Lenore A. Epstein, "Some Problems in Measuring the Economic Status of the Aged in the United States," a paper presented at the Fifth Congress of the International Association of Gerontology, San Francisco, August 1960.

Notes and Brief Reports

State-Chartered Credit Unions in 1959*

The number of active credit unions chartered under State laws continued to grow during 1959, passing the 10,000 mark for the first time. Reports from 9,961 (99 percent) of the 10,054 active credit unions reveal that total assets moved up almost 16 percent in 1959 and amounted to \$2,676.1 million at the year's end (table 1).

A net increase of about 402,500 in 1959 brought the total membership to 5.7 million. Members' savings (shares) meanwhile increased 15.4 percent and stood at \$2,259 million on December 31. Shareholdings amounted to more than \$2 billion for the first time.

Loans outstanding to members likewise ex-

ceeded \$2 billion for the first time. They totaled \$2,051 million at the end of 1959, an increase of nearly 21 percent from the amount a year earlier.

During the 10 years since the end of 1949, average assets per State-chartered credit union have almost tripled, the average membership has increased 37 percent, and the average savings of the members have more than doubled. By the end of 1959, credit unions chartered under State laws had, on the average, assets of \$268,657, their membership averaged 575, and average shares per member amounted to \$394.

State-chartered credit unions have experienced a declining rate of growth since 1956, but in 1959 they regained some momentum as total assets increased 15.7 percent, in contrast to a rise of 14.4 percent in 1958. Except for 1958, however, the 1959 rate of increase was still the smallest since 1951. In terms of dollar volume, year-to-year increases in total assets have risen continuously since 1943. In that year an advance of

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