

Income of the Aged in 1962: First Findings of the 1963 Survey of the Aged

by LENORE A. EPSTEIN*

AMONG the richest persons in the United States, a few aged men and women are, of course, included. Yet families headed by a person aged 65 or over make up one-third of all families counted as poor in the 1964 *Annual Report of the Council of Economic Advisers*—a proportion much higher than the 1-in-7 frequency of aged families in the population. And the aged account for an even larger proportion of the adults living alone who are considered poor.

The incidence of poverty among the aged would be immeasurably higher and its severity much greater were it not for old-age, survivors, and disability insurance (OASDI). Under this program, payments were made to 70 percent of the 17½ million persons aged 65 and over at the end of 1962—four-fifths of the aged couples and more than three-fifths of all other persons aged 65 or older.

Despite the large number of aged persons who now can count on OASDI benefits, many still live on very low incomes. The nonmarried—the widowed, the divorced, the separated, and the never married—together make up about half the population aged 65 and over. Their median income was \$1,130 for the year 1962. For the married, who tend to be younger, the median income was \$2,875. Almost 3 in every 10 couples had less than \$2,000.

Aged persons who work are, of course, likely to have more income than those who do not. Hence, among the nonmarried aged, who only rarely are in the labor force, those drawing OASDI benefits had the higher income. By contrast, among the married couples, who often had substantial earnings if they were not on the beneficiary rolls, it was the nonbeneficiaries who had higher median income.

Benefits under OASDI were practically the sole source of cash income for almost one-fifth of the couples and for more than one-third of the nonmarried beneficiaries who had been entitled to benefits for a year or more.

Public assistance was important as a supplementary source of cash for 1 in 12 of the married couples and 1 in 6 of the nonmarried aged. The proportion receiving cash assistance payments was almost three times as large for nonbeneficiaries as for those on the OASDI rolls.

Nonbeneficiaries past age 65 are a particularly diverse group. At one extreme are persons with full-time employment throughout the year—37 percent of the married men and 13 percent of the nonmarried men—many of whom earn as much as or more than they had when they were younger. At the other extreme are persons totally dependent on relatives, public assistance, or care in a public institution. They tend to be older than beneficiaries, whereas those with full-time employment tend to be younger.

Although the great majority of the aged are at least partially retired, earnings still account for a sizable share of the income of the total aged population. In 1962, earnings accounted for 32 percent of the aggregate money income of all persons aged 65 and over and their spouses. Benefits under OASDI ran a close second to earnings as a proportion of their aggregate money income. Benefits from public and private retirement programs combined represented two-fifths of aggregate income. The aged received 15 percent of their income from interest, dividends, and rents. Public assistance and veterans' compensation accounted for the smallest proportion (5 percent and 4 percent, respectively).

The foregoing findings are the first from the nationwide 1963 Survey of the Aged undertaken by the Social Security Administration, with the Bureau of the Census acting as its agent in collecting and tabulating the data. This Survey will provide data on the income of the aged and their work experience, health care costs, and hospital utilization during 1962; their living arrangements, health insurance coverage, labor-force status, and assets and liabilities at the end of the year; and other aspects of their socio-economic status. The study is based on an area probability sample drawn to represent a cross section of per-

* Deputy Director, Division of Research and Statistics.

sons aged 62 and over, as outlined in the brief note on source and reliability of the estimates at the end of this article.

Interviews were completed in January and February 1963 for 7,500 units—that is, married couples and nonmarried persons. The units contained more than 11,000 persons aged 62 and over—2,400 couples with head or wife aged 65 and over, 3,800 other persons of that age, and 1,300 units aged 62-64. The beneficiary status of respondents was verified by matching the sample against OASDI records, and selected data on beneficiaries were added to the Survey record.

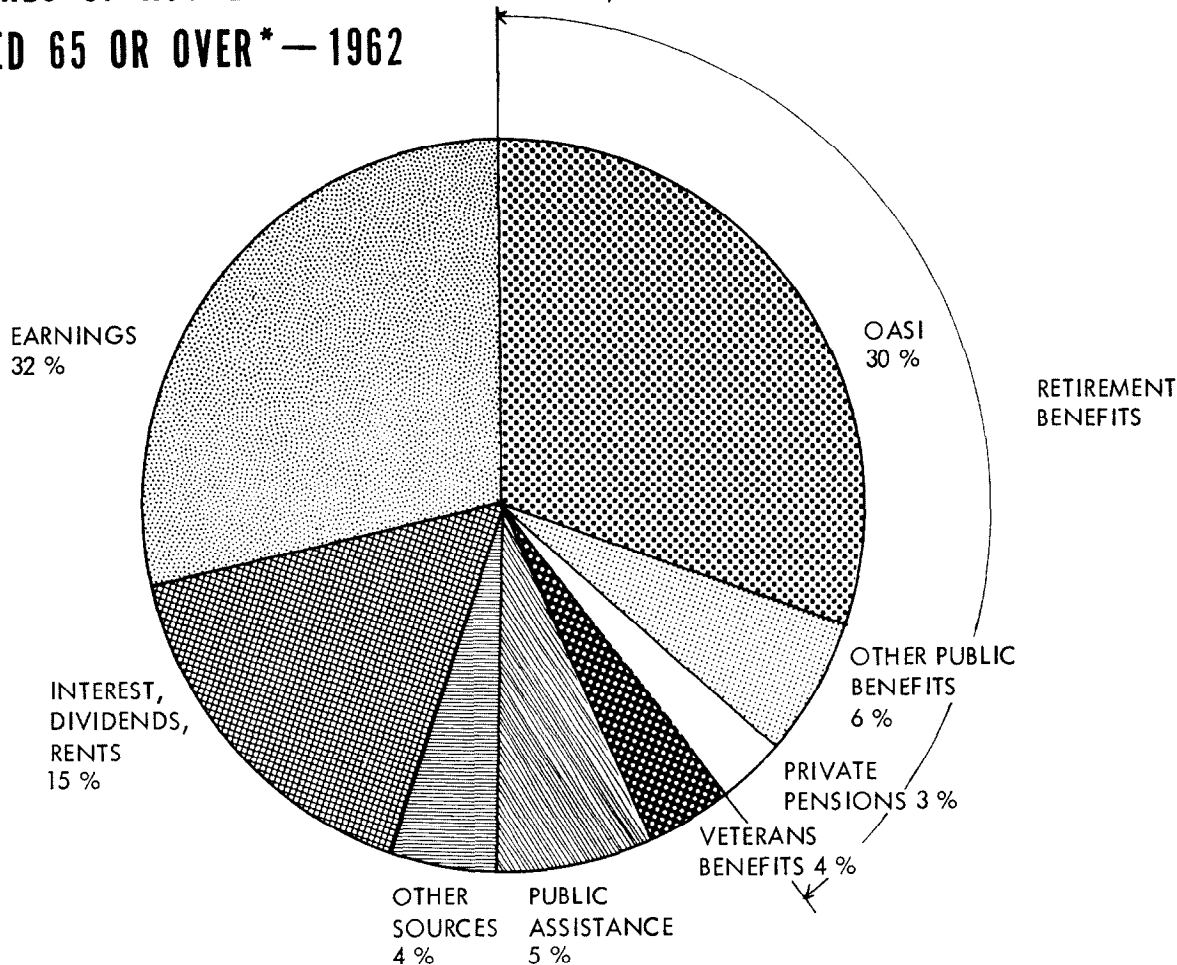
Comparable data are thus available for the first time on the economic and social situation of aged beneficiaries of the OASDI program and aged persons not receiving such benefits. Most of the

data are presented for units as the most appropriate basis for analyzing income, expenses, and other aspects of the financial position of the aged.

This article presents the early findings from the 1963 Survey on income sources and size of income of aged couples and nonmarried persons 62 or older. The first section provides summary figures for all those aged 65 and over and their spouses. The second section focuses attention on differences between beneficiary and nonbeneficiary units aged 65 and over. The third section relates to differences by age and includes information for the age group 62-64. Further details on income, employment, and assets, to be available in subsequent reports, will throw additional light on some of the findings reported here.

The 1963 Survey of the Aged is unique in the

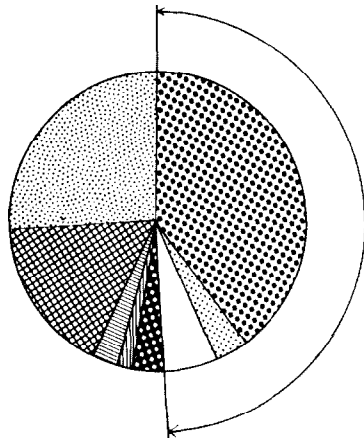
Chart 1
SHARES OF AGGREGATE MONEY INCOME, BY SOURCE, OF PERSONS
AGED 65 OR OVER* — 1962



*Including their spouses

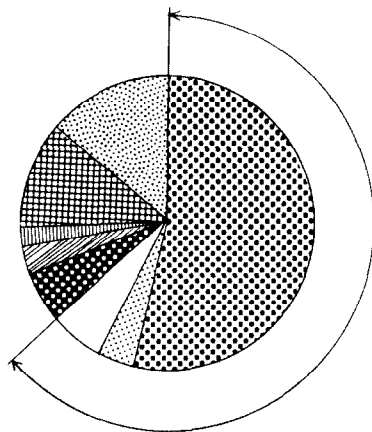
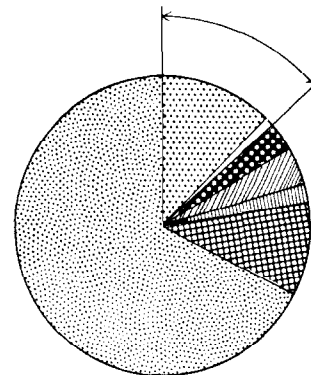
Chart 2 SHARES OF AGGREGATE MONEY INCOME, BY SOURCE, OF MARRIED COUPLES AND NONMARRIED MEN AND WOMEN 65 OR OVER - 1962

OASDI BENEFICIARIES*

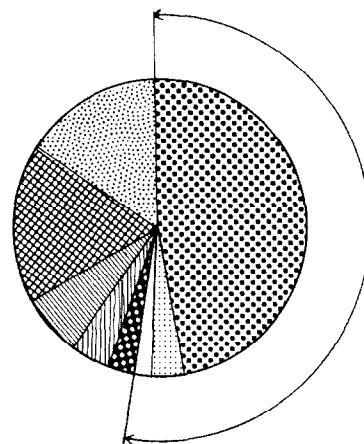
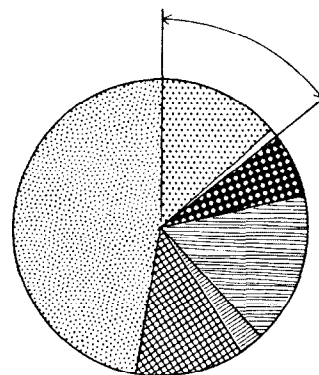


MARRIED COUPLES

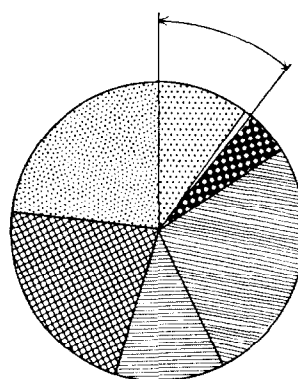
NONBENEFICIARIES



NONMARRIED MEN



NONMARRIED WOMEN



NOTE: For identification of sources, see Chart 1.

*Received First Benefit Before Start of Year

amount of information obtained on income sources. Because the type of income bears on its distribution by size and relative permanence and also the stability of its purchasing power, considerable attention is directed to the shares of aggregate income of the aged from various sources and the relative number of persons having some income from these sources. The second section of the article also suggests, for both beneficiary and nonbeneficiary units aged 65 and over, the effect on the size distribution of income of (1) the extent of employment in 1962, (2) the receipt of private pensions, and (3) the receipt of public assistance.

The article concludes with a brief discussion of the implications of these new data for the economic outlook for the aged in the years ahead.

THE POPULATION AGED 65 AND OVER

Sources of Income

In 1962 retirement programs provided two-fifths of the aggregate income of persons aged 65 and over and their spouses. Of these programs, OASDI alone accounted for 30 percent of their income, programs for railroad and government workers about 6 percent, and private group pension plans slightly more than 3 percent (chart 1).

It is perhaps surprising that an age group generally considered as out of the labor force had aggregate earnings four-fifths as large as their total benefits under public and private retirement programs combined. This relationship results in

large part from the low ratio of retirement benefits to preretirement earnings that is characteristic of most retirement programs.

Retirement benefits were reported by 84 percent of the couples and earned income by 55 percent (table 1). For the nonmarried persons the corresponding figures were 67 percent and 24 percent, with men somewhat more likely than women to have both current earnings and benefits based on earlier employment. More than 9 in every 10 of the units with payments under public or private retirement programs received OASDI benefits. Private group pensions went to more than 16 percent of the couples and 5 percent of the nonmarried persons, most of whom were also OASDI beneficiaries. About half the persons receiving payments as retirees or as survivors of workers in railroad or government employment also received OASDI benefits.¹

Almost half the aggregate earnings of the aged was reported by couples and nonmarried persons aged 65-72 who were not on the OASDI rolls, although they represented only 14 percent of the units in the 65-and-over age group. Most of these workers could have drawn benefits had it not been for their employment. Nonbeneficiary units aged 73 or older, on the other hand, reported practically no earnings. Presumably they did not work because of health or other personal reasons or because no work was available to them. Of those whose benefits started in 1962, four-fifths of the men and two-fifths of the women had some earnings during the year, often for the period before they received benefits. As noted below, many whose OASDI benefits started before 1962 also had some earnings—for men, almost as many of those aged 73 and over as of those aged 65-72. Their employment was likely to be occasional or part time. A not inconsiderable portion of the aggregate earnings of beneficiary units came from the employment of spouses who were not themselves entitled to OASDI benefits.

Next in importance after OASDI and earnings as a source of funds for the aged was income from assets. Interest, dividends, and rents made up more

TABLE 1.—SOURCES OF MONEY INCOME FOR UNITS AGED 65 AND OVER: Percent having income from specified sources, 1962

Source of money income	Married couples ¹	Nonmarried persons		
		Total	Men	Women
Number (in thousands):				
Total.....	5,445	8,731	2,402	6,329
Reporting on sources.....	5,443	8,612	2,345	6,267
Earnings.....	55	24	28	23
Retirement benefits.....	84	67	72	64
OASDI.....	79	62	68	60
Other public.....	12	7	8	7
Private group pensions.....	16	5	10	3
Veterans' benefits.....	14	8	11	6
Interest, dividends, and rents.....	63	48	45	50
Private individual annuities.....	4	3	1	3
Unemployment insurance.....	3	1	1	1
Public assistance.....	8	17	18	17
Contributions by relatives ²	3	5	1	6
Payments under any public program.....	89	80	87	78

¹ With at least 1 member aged 65 or over.

² Relatives or friends not in households.

¹ Preliminary analysis of the number of persons (as distinct from units) receiving income from various sources suggests that the proportion with private pensions and government employees' benefits should be somewhat larger than reported. Some persons may have reported their private pensions as private annuities, however.

than 15 percent of the total money income in 1962 for persons aged 65 and over and their spouses. More than three-fifths of the couples and almost half the nonmarried reported some income of this type, but for about half of them it was less than \$150 for the year. Income from assets is often underreported in household interview surveys of the general population. The many to whom it comes in only small amounts and infrequently may forget, and the few with large holdings do not always wish to divulge the magnitude.

Because even small interest and dividend payments tend to be important, however, to those who have retired with small incomes, better-than-average reporting of asset income by the retired would be expected. In this Survey particular efforts were made to minimize underreporting. A self-enumeration form with questions about assets and income was left with each respondent to encourage reference to records, and it was checked later by a trained enumerator who returned to pick up the form and ask additional questions.

In the final editing, if schedules showed an asset but no entry for income from that asset, a 4-percent return was imputed and recorded as cash income. One measure of the results of this effort to obtain accurate data on asset income may be the rise from 1959 to 1962 shown in the median total money income of nonmarried women—for whom asset income characteristically is of special importance—when the 1963 Survey figure (\$1,015) is compared with that from the 1960 Census of population (\$670).²

Public assistance and veterans' programs, providing 5 percent and 4 percent, respectively, of the aggregate money income of persons aged 65 and over and their spouses, followed retirement benefits, earnings, and asset income in importance as an income source. If agency payments for medical care made directly to a hospital, nursing home, physician, or other vendor had been treated as cash income, the total for public assistance would have been about one-third larger, or somewhat more than 6 percent. Public assistance was reported more often by the nonmarried (17 percent) than the married (8 percent). The reverse was true of veterans' compensation and pension payments, which more often go to men than to women, although many widows do receive such benefits.

² See page 22 for a comparison of the median incomes of other aged persons.

Cash contributions by relatives not living in the same household, or by friends, amounted to barely 1 percent of the aggregate income. Only 3 percent of the couples and 5 percent of the nonmarried reported cash contributions, even though occasional contributions as well as those received regularly were included.³

Relatives may provide support by sharing a home or paying bills, as well as by cash contributions. A precise money value cannot be placed on the advantage of sharing a home. Yet more than one-fourth of the couples and more than two-fifths of the nonmarried aged were members of a household with children or other relatives present. For more than half these couples and almost one-fourth of the nonmarried who shared a home, nonmarried children were the only relatives in the home. In other words, there was a normal family situation, with a good chance that the older unit was contributing as well as receiving. In contrast, when the home is shared with married children, siblings, or other relatives, the support may go either way but is likely to favor the aged.

Later tabulations will not only compare the income of those who share a home with relatives and the income of those living by themselves, but they will relate the income of the aged who share to the income of the entire family. The extent to which relatives help with medical care bills will also become clear later, when medical care costs and the means of meeting them are analyzed.

In summary, it may be noted that about 46 percent of the total income of couples and nonmarried persons aged 65 and over came from public income-maintenance programs—social insurance, veterans', and public assistance programs. (Although information is not available on the exact amount received in the form of unemployment and temporary disability insurance or workmen's compensation, it is estimated that it was not more than 1 percent.) Nearly 90 percent of the couples and 80 percent of the nonmarried had some income from a public income-maintenance program. If about one-half million nonmarried persons who

³ Current money income excluded lump-sum inheritances and large cash gifts—as well as lump-sum payments from life insurance, tax refunds, awards for injury or damage, and proceeds from the sale of a car or other large item. Any income obtained from investment of the proceeds, however, is included. Information on the amount of such receipts will be available later.

reported no cash income at all are excluded from the total, the latter proportion rises to 86 percent.

Size of Income

Except for public assistance and contributions from relatives, the proportion with income from each of the sources discussed was smaller for the nonmarried persons than it was for aged couples. It follows, therefore, that the nonmarried were at a considerable disadvantage in terms of total cash income; their median income was \$1,130, compared with \$2,875 for couples. A third of the nonmarried persons aged 65 and over had less than \$810 during 1962, and a third of the couples had less than \$2,200.

There is diversity among the aged not only in sources of income but in the amount received. Thus, at the other end of the income scale, 5 percent of the married couples reported \$10,000 or more and 2 percent reported \$15,000 or more. Among the nonmarried, 4 percent had \$5,000 or more.

Aged widows and other nonmarried women account for the unfavorable income position of the nonmarried. They are two and one-half times as numerous as nonmarried men, because women tend to outlive their husbands and because widowers are more likely than widows to remarry. Roughly half the women, compared with one-third of the nonmarried men, had less than \$1,000. Two-thirds of the women and half the men had less than \$1,370.

TABLE 2.—SIZE OF MONEY INCOME FOR UNITS AGED 65 AND OVER: Percentage distribution by income interval, 1962

Total money income	Married couples ¹	Nonmarried persons		
		Total	Men	Women
Number (in thousands):				
Total.....	5,445	8,731	2,402	6,329
Reporting on income.....	4,719	7,709	2,173	5,536
Total percent.....	100	100	100	100
Less than \$1,000.....	5	44	32	49
1,000-1,499.....	10	22	25	21
1,500-1,999.....	14	13	12	13
2,000-2,499.....	13	8	11	7
2,500-2,999.....	12	4	5	3
3,000-3,999.....	16	4	6	3
4,000-4,999.....	11	2	3	1
5,000-9,999.....	15	4	6	3
10,000 and over.....	5	(-)	1	(-)
Median income.....	\$2,875	\$1,130	\$1,365	\$1,015

¹ With at least 1 member aged 65 or over.

² Less than 0.5 percent.

On a per capita basis the income position of nonmarried men was roughly equivalent to that of couples. For independent living, however, one person needs considerably more than half as much as two who share a home, and the lower the level of living the smaller the difference.

The Bureau of Labor Statistics has recently estimated the cost of a "modest but adequate" level of living for an aged person alone at \$1,800, compared with \$2,500 for a retired couple.⁴ The cost figures were adapted from those developed for retired couples renting their home in the fall of 1959⁵ in 20 large cities—to allow for reduced costs resulting from homeownership and somewhat lower costs in the smaller communities and to take account of the differences in costs for those living alone.

By this standard, at least 1.9 million of the 5.4 million couples with the husband or wife aged 65 or over and at least 5.7 million of the 8.7 million other aged persons could not be considered economically independent on the basis of the money income reported in the 1963 Survey. Those sharing a home with relatives—particularly common among widows and other nonmarried women—are included in the calculation in order to provide a measure of those who could live independently if they wished and their health permitted.

OASDI BENEFICIARIES AND NONBENEFICIARIES COMPARED

In general, OASDI beneficiaries are better off in terms of income than nonbeneficiaries if they are not married and worse off if they are. The difference reflects in large part the degree of attachment to the labor force. The median money income in 1962 of beneficiary couples (those with head or wife aged 65 or over whose benefits started before 1962) was \$2,710, compared with \$3,580 for

⁴ Willard Wirtz, statement in *Hearings Before the Ways and Means Committee, House of Representatives, Eighty-eighth Congress, on Medical Care for the Aged, November 18-22, 1963, and January 20-24, 1964.*

⁵ Margaret S. Stotz, "The BLS Interim Budget for a Retired Couple," *Monthly Labor Review*, November 1960; Mollie Orshansky, "Budget for an Elderly Couple: Interim Revision by the Bureau of Labor Statistics," *Social Security Bulletin*, December 1960; "Technical Note: Estimating Equivalent Income or Budget Costs by Family Type," *Monthly Labor Review*, November 1960.

TABLE 3.—SIZE OF MONEY INCOME BY OASDI BENEFICIARY STATUS FOR UNITS AGED 65 AND OVER: Percentage distribution by income interval, 1962¹

Total money income	Married couples ²		Nonmarried men		Nonmarried women		
	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries ³		Non-beneficiaries
					Retired	Widowed	
Number (in thousands):							
Total.....	3,743	1,120	1,490	803	1,912	1,502	2,543
Reporting on income.....	3,289	932	1,384	685	1,690	1,325	2,192
Total percent.....	100	100	100	100	100	100	100
Less than \$1,000.....	4	10	26	46	36	44	65
1,000-1,499.....	9	12	32	13	25	27	14
1,500-1,999.....	15	11	14	10	17	16	7
2,000-2,499.....	16	5	13	6	9	6	4
2,500-2,999.....	14	6	6	3	5	2	2
3,000-3,999.....	16	12	5	4	4	2	3
4,000-4,999.....	11	10	2	4	2	1	1
5,000-9,999.....	12	24	2	12	4	2	2
10,000 and over.....	3	11	(⁴)	1	(⁴)	1	(⁴)
Median income.....	\$2,710	\$3,580	\$1,375	\$1,135	\$1,300	\$1,105	\$755

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.

² With at least 1 member aged 65 or over.

³ The retired women receive benefits based on their own wage record, regardless of eligibility as widows; the widowed receive benefits based on the husband's wage record.

⁴ Less than 0.5 percent.

couples not receiving benefits (table 3). Money income of less than \$1,000 was reported by 4 percent of the beneficiaries and 10 percent of the non-beneficiaries, and incomes of \$5,000 or more by 15 percent and 35 percent.

Couples and nonmarried persons who received their first benefit in 1962 are excluded from these and subsequent comparisons of beneficiary and nonbeneficiary units in this article because income in the year of retirement is not meaningful in appraising the income of beneficiaries.⁶ Eight percent of the beneficiary units aged 65 and over who were on the rolls at the end of 1962 received their first benefit in that year.

Nonmarried men on the benefit rolls had a median income of \$1,375 (slightly more than half that of couples) and other nonmarried men had \$1,135. For nonmarried women the median money income in 1962 was about \$1,200 for those receiving OASDI, and only \$755 for the others. Women

⁶ Also excluded are a small number of units with benefits starting before 1962 who had entitled children or whose own entitlement was based on the record of a child and of couples when the husband's entitlement is based on his wife's work record. These exclusions were intended to maximize comparability with beneficiary data collected in late 1957.

whose benefits were based on their own work record were better off than those drawing widow's benefits based on the employment of a deceased husband; the median incomes were \$1,300 and \$1,100.

The difference in income between beneficiaries and nonbeneficiaries results in large part from differences in age and from source of income, which are, of course, interrelated.

The differences are epitomized by the data on the apportionment of their aggregate income by source (chart 2 and table 4). Beneficiary couples received half their income in the form of retirement benefits—40 percent from OASDI alone and 6 percent from private pensions. Earnings made

TABLE 4.—SHARES OF MONEY INCOME BY OASDI BENEFICIARY STATUS FOR UNITS AGED 65 AND OVER: Percentage distribution of aggregate money income by source, 1962¹

Source of money income	Married couples ²		Nonmarried men		Nonmarried women		
	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries ³		Non-beneficiaries
					Retired	Widowed	
Number (in thousands):							
Total.....	3,743	1,120	1,490	803	1,912	1,502	2,543
Reporting on income.....	3,289	932	1,384	685	1,690	1,325	2,192
Total percent.....	100	100	100	100	100	100	100
Earnings.....	25	69	14	48	21	7	23
Retirement benefits.....	50	13	63	14	53	54	10
OASDI.....	40		54		46	52	
Other public.....	4	12	4	13	5	1	9
Private group pensions.....	6	(⁴)	6	1	3	1	1
Veterans' benefits.....	4	3	6	7	3	4	5
Interests, dividends, and rents.....	17	10	12	12	14	22	23
Public assistance.....	1	4	3	16	4	4	27
Contributions by relatives ⁵	(⁴)	(⁴)	(⁴)	(⁴)	2	1	4
Other.....	3	2	2	3	3	9	8

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.

² With at least 1 member aged 65 or over.

³ The retired women receive benefits based on their own wage record, regardless of eligibility as widows; the widowed receive benefits based on the husband's wage record.

⁴ Less than 0.5 percent.

⁵ Relatives or friends not in household.

up one-fourth of the total. Nonbeneficiary couples, on the other hand, received more than two-thirds of their income from employment, only 12 percent from retirement benefits for railroad and government employees, and less than 1 percent from private pensions. Interest, dividends, and rents accounted for one-sixth of the income of beneficiary couples and one-tenth of that of nonbene-

fiary couples. Only 1 percent of the income of beneficiary couples came from public assistance and 4 percent of the income of nonbeneficiary couples. Because public programs are limited in what they can pay, groups relying on such payments for a substantial share of their support will have lower incomes, on the average, than those who still rely heavily on earnings.

Almost two-thirds of the nonbeneficiary couples had earnings, and half the beneficiary couples had some income from employment (table 5). Most of

TABLE 5.—SOURCES OF MONEY INCOME BY OASDI BENEFICIARY STATUS FOR UNITS AGED 65 AND OVER: Percent having income from specified sources, 1962¹

Source of money income	Married couples ²		Nonmarried men		Nonmarried women		
	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries ³		Non-beneficiaries
					Retired	Widowed	
Number (in thousands):							
Total.....	3,743	1,120	1,490	803	1,912	1,502	2,543
Reporting on sources.....	3,743	1,118	1,490	746	1,912	1,502	2,481
Earnings.....	50	64	24	31	34	17	16
Retirement benefits.....	100	25	100	16	100	100	11
OASDI.....	100		100		100	100	
Other public.....	9	24	6	14	8	2	10
Private group pensions.....							
Veterans' benefits.....	20	3	13	3	7	2	1
Interest, dividends, and rents.....	14	14	11	12	6	8	5
Private individual annuities.....	65	62	50	34	56	58	38
Unemployment insurance.....	4	4	2	1	5	2	2
Public assistance.....	2	2	1	(4)	2	(4)	(4)
Contributions by relatives ⁵	6	14	10	35	10	8	30
Payment under any public program.....	3	3	2	1	4	5	8
Total.....	100	47	100	59	100	100	45

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.

² With at least 1 member aged 65 or over.

³ The retired women receive benefits based on their own wage record, regardless of eligibility as widows; the widowed receive benefits based on the husband's wage record.

⁴ Less than 0.5 percent.

⁵ Relatives or friends not in household.

the men beneficiaries who supplemented their retirement income by earnings had only part-time or occasional jobs; for a few, earnings were large enough to require suspension of their benefits. A few of the men had younger wives with sizable earnings, and a few married women aged 65 and over who were drawing benefits had younger husbands with full-time employment. The contribution made by the younger spouses is indicated by the fact that the median income other than benefits was twice as high for beneficiary couples with

TABLE 6.—SIZE OF MONEY INCOME OTHER THAN OASDI BENEFITS FOR BENEFICIARY UNITS AGED 65 AND OVER: Percentage distribution by income interval, 1962¹

Money income other than OASDI benefits	Beneficiary couples ²			Non-married men beneficiaries	Nonmarried women beneficiaries ⁴	
	Total	Both entitled all year	Others ³		Retired	Widowed
Number (in thousands):						
Total.....	3,743	2,607	1,136	1,490	1,912	1,502
Reporting on income.....	3,289	2,304	985	1,384	1,690	1,325
Total percent.....	100	100	100	100	100	100
Less than \$150.....	14	18	6	33	30	46
150-499.....	11	12	8	17	16	15
500-999.....	18	20	15	25	22	21
1,000-1,999.....	23	23	22	16	20	12
2,000-2,999.....	13	12	17	5	6	2
3,000 and over.....	20	14	33	4	6	3
Median.....	\$1,225	\$985	\$1,990	\$495	\$565	\$225

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.

² With at least 1 member aged 65 or over.

³ Includes couples with husband entitled all year, wife part of the year or not at all, and cases where the wife is a retired worker but not the husband.

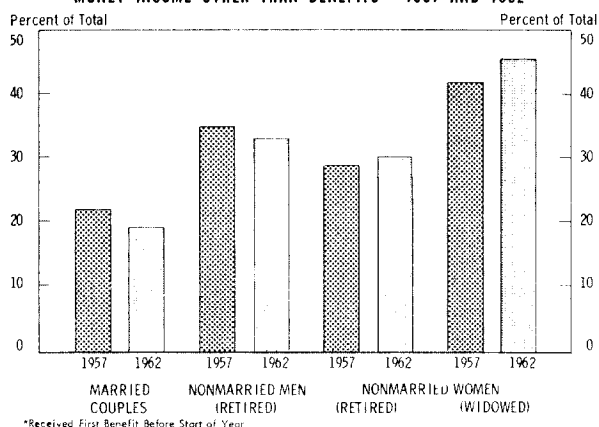
⁴ The retired women receive benefits based on their own wage record, regardless of eligibility as widows; the widowed receive benefits based on the husband's wage record.

only one spouse entitled all year as for couples with both husband and wife entitled all year—\$1,990 compared with \$985.⁷ Indeed, a third of the former group but only one-seventh of the latter had nonbenefit income of \$3,000 or more in 1962 (table 6).

Because nonmarried persons were older than the married, earnings were a much less important part of their income. For those not receiving OASDI benefits, public assistance was of great importance. Cash assistance payments made up 16 percent of total money income for the nonmarried men and 27 percent of that for the nonmarried women, and roughly one-third of the nonmarried reported some support in this form. By contrast, only one-tenth of the nonmarried beneficiaries received any cash payment from a public assistance agency, and such payments accounted for at least 4 percent of their income. (As indicated above, vendor payments for medical care are not included in money income. Their importance to different groups will be analyzed when data become available on the sources of payment for medical care.)

⁷ In some cases the spouse not entitled to OASDI benefits was past age 65 but still employed full-time, and in others the spouse was drawing a pension under another program. In most cases, however, the spouse was under age 65 and employed.

Chart 3
BENEFICIARY UNITS⁶⁵ AND OVER WITH LESS THAN \$150 PER PERSON
MONEY INCOME OTHER THAN BENEFITS—1957 AND 1962



The Role of OASDI Benefits

The importance of OASDI benefits in reducing the need for assistance is evident. It should not, however, be overemphasized. Nearly two-fifths of the persons now receiving old-age assistance and about three-fifths of all new applicants are already receiving OASDI benefits.⁸ A considerable number of beneficiaries need public assistance because of medical care costs, others because their benefits are low. In 1962 a substantial number aged 65 and over received the minimum benefit of \$40 payable to a worker who retires at age 65 or to an aged widow, and some received even less than the usual minimum because they chose an actuarial reduction to obtain a benefit before they reached age 65.

A large number of beneficiaries have little cash income besides their benefit. In 1962 about one-third of the nonmarried beneficiaries received less than \$150 in money income other than benefits (including public assistance) during the entire year, and one-fifth of the couples had less than \$300 in addition to their benefits. There has been little improvement in this respect since 1957, when the income of beneficiaries was last studied (chart 3).

The median money income received by beneficiaries in 1962 in addition to their benefits is

⁸ Bureau of Family Services, *Reasons for Opening and Closing Public Assistance Cases, July to December 1962*. Data are for 31 States.

compared in the following tabulation with the median amount received by nonbeneficiaries.

Aged unit	OASDI beneficiaries	Non-beneficiaries
Married couples.....	\$1,225	\$3,580
Nonmarried:		
Men.....	495	1,135
Women.....	420	755

Clearly, OASDI benefits are of particular importance for the nonmarried. In 1962 retirement income other than OASDI benefits of as much as \$150 per person was received by only 54 percent of the couples and 40 percent of the nonmarried beneficiaries, compared with 44 percent and 34 percent in 1957. The median total retirement income⁹ in 1962—that is, money income other than earnings, unemployment insurance, assistance, or personal contributions—was \$2,000 for couples and about \$1,000 for nonmarried beneficiaries. In 1957 the corresponding medians were \$1,580 and about \$800. A large proportion of the gain resulted from improvement in OASDI benefits.

Relation of Income Size to Source

Among the nonmarried aged, nonbeneficiaries have been shown to be at a considerable income disadvantage. For couples the reverse appears to be true because of differences in extent of employment.

Work experience.—When aged units are classified by their work experience in 1962, it is clear that beneficiaries, whatever their marital status, generally had higher income than nonbeneficiaries, except for those with full-time jobs—that is, jobs at which one usually works 35 or more hours per week (table 7).

Information is not now available on income according to the number of weeks worked in 1962. Preliminary analysis of data on the work experience in 1962, however, suggests that most of the

⁹ Retirement income is defined to include all income from reasonably permanent sources—twelve times the monthly OASDI benefit, railroad and government employees' retirement benefits, private pensions, private annuities, interest, dividends, rents, and veterans' benefits (although there is an income test for veterans' pensions). If savings are drawn on, interest, dividends, and rents will, of course, be reduced.

nonbeneficiary men with full-time jobs worked the greater part of the year but that beneficiary men with full-time jobs were much more likely to work only part of the year. Few men who expect to remain at work in full-time jobs the year around apply for benefits.

For couples with either or both husband and wife working in 1962 at jobs that were usually full-time, the median income was \$4,110 if one or both was a beneficiary and \$6,060 if neither was a beneficiary. When the jobs were part-time, the median was \$3,000 for beneficiary couples and \$2,400 for nonbeneficiaries. Among those with only part-time jobs the beneficiaries—married or not—did better, on the average, than the nonbeneficiaries. The advantage of beneficiary status was greatest for those with no work. The relatively small group of nonbeneficiary units with part-time jobs had median incomes much closer

to those of units that had not worked at all in 1962 than to those whose jobs were usually full-time.

Private pensions and public assistance.—Persons with private pensions constitute the economically elite among the retired OASDI beneficiaries: Their median total income of \$3,400 was only one-sixth less than that of beneficiary couples with at least one member working at a full-time job. And for nonmarried beneficiaries a private pension did as much as full-time employment to raise the average level of money income. At the other extreme among the beneficiaries were those who had turned to public assistance.

The median income for beneficiary couples with private pensions was about twice the median of \$1,730 for couples whose benefits were supplemented by public assistance money payments

TABLE 7.—SIZE OF MONEY INCOME BY WORK EXPERIENCE AND OASDI BENEFICIARY STATUS FOR UNITS AGED 65 AND OVER: Percentage distribution by income interval, 1962¹

Total money income	Married couples ²			Nonmarried men			Nonmarried women		
	Worked in 1962 ³		Did not work in 1962 ⁴	Worked in 1962 ³		Did not work in 1962 ⁴	Worked in 1962 ³		Did not work in 1962 ⁴
	Usually full time	Usually part time		Usually full time	Usually part time		Usually full time	Usually part time	
OASDI beneficiary units									
Number reporting work experience (in thousands):									
Total	773	800	2,170	131	181	1,178	279	349	2,787
Reporting on income	649	689	1,950	118	164	1,101	244	292	2,478
Total percent	100	100	100	100	100	100	100	100	100
Less than \$1,000	1	3	5	7	24	29	9	18	45
1,000-1,999	13	18	30	31	39	48	32	49	42
2,000-2,999	19	28	34	32	24	17	35	28	7
3,000-3,999	15	23	13	17	8	4	13	2	2
4,000-4,999	18	13	7	3	4	1	4	2	1
5,000-9,999	29	11	8	8	1	1	7	2	1
10,000 and over	6	3	2	3	(⁵)	(⁵)	(⁵)	(⁵)	(⁴)
Median income	\$4,110	\$3,000	\$2,410	\$2,300	\$1,465	\$1,320	\$2,170	\$1,670	\$1,095
Nonbeneficiary units									
Number reporting work experience (in thousands):									
Total	570	92	459	150	54	600	174	64	2,305
Reporting on income	459	81	393	134	52	500	145	55	1,992
Total percent	100	100	100	100	100	100	100	100	100
Less than \$1,000	3	16	16	3	42	58	10	60	70
1,000-1,999	5	28	42	9	44	24	19	24	21
2,000-2,999	6	11	16	3	10	11	25	16	5
3,000-3,999	12	15	12	14	(⁵)	2	16	(⁵)	2
4,000-4,999	15	10	5	16	(⁵)	2	10	(⁵)	1
5,000-9,999	41	15	6	51	4	2	20	(⁵)	1
10,000 and over	19	5	3	4	(⁵)	(⁵)	1	(⁵)	(⁵)
Median income	\$6,060	\$2,400	\$1,805	\$5,280	\$1,200	\$885	\$2,880	\$785	\$710

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.

² With at least 1 member aged 65 or over.

³ Classification by amount of work is in terms of the length of the workweek when working—that is, less than 35 hours as part time. Some in each group worked throughout the year, others only a few weeks. Couples are classified as working if either husband or wife or both worked in 1962; if the husband

worked at all, the couple was classified as working full time or part time on the basis of his experience.

⁴ Includes units reporting income from farms or nonfarm businesses they owned but did not operate (treated as earnings on tables showing sources of income) and a small number of units that did not report on work experience.

⁵ Less than 0.5 percent.

(table 8). For the nonmarried the differences were similar. The median for those with a private pension was roughly \$2,200, and for those receiving public assistance it was about \$1,150, with only minor differences between men and women.

The vast majority of beneficiaries received neither a private pension nor assistance. They were a diverse group. Presumably they included almost all who had full-time jobs (and probably most of those with part-time jobs). But they also included those living on the margin of poverty, with or without help from relatives. Consequently, although almost one-sixth of the beneficiary couples with neither a private pension nor public assistance had incomes of \$5,000 or more, about twice as many (one-third) had less than \$2,000.

Few nonbeneficiaries have private pensions—so few that no analysis of the income of those who do, based on the sample study, would be statistically valid. It is significant, however, that—except for nonmarried women—among those not

receiving assistance nonbeneficiaries had more income than beneficiaries, on the average, presumably because of employment. Nonbeneficiary units receiving assistance, on the other hand, were at a considerable disadvantage compared with the beneficiary units receiving assistance to supplement benefits—at least in part because of the maximums placed on assistance payments by most States and the fact that limited funds make it impossible for some States to meet full need as determined under their own standard.¹⁰ On the other hand, some of the cash assistance received by the beneficiaries may have been to meet heavy medical expenses rather than merely for family living expenses. Nonmarried women receiving neither OASDI benefits nor public assistance had the smallest cash income of any group. A considerable proportion of them were maintained in

¹⁰ David Eppley, "Concurrent Receipt of PA and OASDI by Persons Aged 65 and Over, Early 1963," *Welfare in Review*, March 1964.

TABLE 8.—SIZE OF MONEY INCOME BY RECEIPT OF PRIVATE PENSION OR PUBLIC ASSISTANCE AND OASDI BENEFICIARY STATUS FOR UNITS AGED 65 AND OVER: Percentage distribution by income interval, 1962¹

Total money income	Married couples ²			Nonmarried men			Nonmarried women		
	With private pension, no public assistance ³	No private pension, no public assistance	With public assistance	With private pension, no public assistance ³	No private pension, no public assistance	With public assistance	With private pension, no public assistance ³	No private pension, no public assistance	With public assistance
OASDI beneficiary units									
Number (in thousands):									
Total.....	731	2,788	224	193	1,146	151	161	2,946	307
Reporting on income.....	641	2,440	208	172	1,067	145	130	2,589	296
Total percent.....	100	100	100	100	100	100	100	100	100
Less than \$1,000.....	(⁴)	5	11	1	29	38	5	42	31
1,000-1,999.....	4	27	54	32	46	59	40	39	67
2,000-2,999.....	35	28	29	48	17	4	32	12	2
3,000-3,999.....	28	13	5	15	5	(⁴)	3	3	(⁴)
4,000-4,999.....	14	11	(⁴)	3	2	(⁴)	8	1	(⁴)
5,000-5,999.....	16	13	(⁴)	1	2	(⁴)	12	3	(⁴)
10,000 and over.....	4	3	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
Median income.....	\$3,400	\$2,600	\$1,730	\$2,280	\$1,465	\$1,100	\$2,115	\$1,170	\$1,195
Nonbeneficiary units									
Number (in thousands):									
Total.....		969	151		543	260		1,794	749
Reporting on income.....		789	143		432	253		1,467	725
Total percent.....		100	100		100	100		100	100
Less than \$1,000.....		8	20		31	73		62	72
1,000-1,999.....		13	76		21	24		19	25
2,000-2,999.....		12	5		13	3		8	3
3,000-3,999.....		14	(⁴)		7			4	(⁴)
4,000-4,999.....		12	(⁴)		7			2	(⁴)
5,000-9,999.....		28	(⁴)		19			4	(⁴)
10,000 and over.....		13	(⁴)		2			1	(⁴)
Median income.....		\$4,265	\$1,320		\$1,860	\$805		\$630	\$820

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.

² With at least 1 member aged 65 or over.

³ The number of nonbeneficiary units with private pensions insufficient

to show separately; the small number is included in next column with others not receiving public assistance.

⁴ Less than 0.5 percent.

institutions at public expense or were supported entirely by the relatives with whom they lived.

The Number With "Too Little" Income

What do these wide disparities mean in terms of the number of persons who do not get "enough" for their needs? Although there is no agreement on a precise standard of poverty or of adequacy, the budgets developed by the Bureau of Labor Statistics to provide a "modest but adequate" level of living have been widely used as a benchmark that it would be desirable to meet. It was noted above that at least 1.9 million aged couples and 5.7 million nonmarried persons aged 65 and over had cash income in 1962 that was less than the amount required to live independently at this "modest but adequate" level of living—\$2,500 for a couple and \$1,800 for an individual alone.

When those whose benefits started in 1962 are omitted, it is found that total money income in 1962 was less than the amount needed under the BLS definition of "modest but adequate" for 44 percent of the beneficiary couples and 72 percent of the nonmarried beneficiaries, compared with 37 percent of the nonbeneficiary couples and 79 percent of the nonmarried nonbeneficiaries aged 65 and over (chart 4). Total retirement money income, as defined earlier, was too small to provide this level of living for roughly two-thirds of the beneficiary couples and four-fifths of the other aged beneficiaries.

Even among the elite of the retired OASDI beneficiaries who received a private pension as well as an OASDI benefit, there was a substantial

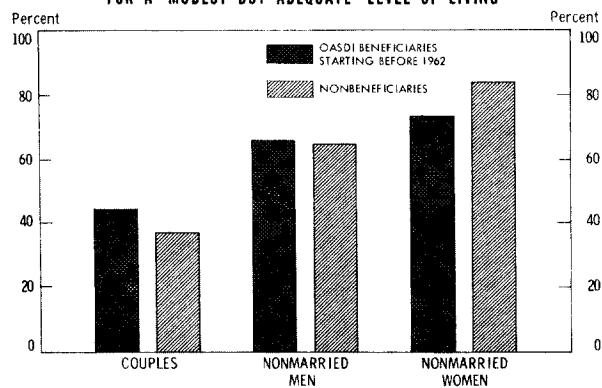
number whose money income was less than the amount required for the "modest but adequate" budget—17 percent of the couples and 29 percent of the nonmarried aged.

As would be expected, only a small proportion of the aged who received any public assistance had as much income as the BLS budget would require. On the other hand, only 10 percent of the nonbeneficiary couples and nonmarried men with full-time jobs had cash income below the cost standards of \$2,500 and \$1,800. Some of them were probably rural residents with opportunity to supplement cash earnings by homegrown food.

The standard for the retired couple's budget has been translated into specific quantities to permit pricing.¹¹ Although no couple would buy in exactly the manner of the budget, these quantities make it possible to visualize the level provided. The budget provides, for example, not quite an egg a day per person for the table and for use in cooking and about a half-pound of meat, poultry, or fish—barely enough for two small servings per day. For the entire year, it provides for a total of 15 restaurant meals. Since the couple was assumed to be in good health for their age, there was no provision for a special diet and practically none for household help or the expensive types of medical care that are all too often associated with the terminal illness that strikes 1 in 10 aged couples every year.

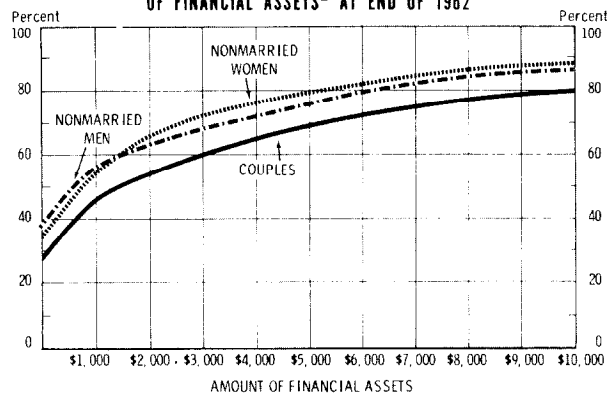
Five-sixths of the couples were assumed to have a telephone for which they paid the minimum rate. The budget assumes the couple has an average inventory of clothing and house furnishings. Following are examples of certain types of clothing that could be purchased to maintain their inventory: The man can replace his topcoat only every ninth year, and his wife can buy three dresses each year, including housedresses. Ownership of an automobile was assumed for about one-fifth of the couples—with the percentage varying somewhat with the size of the city—and replacement was allowed every 7 or 8 years. For those without automobiles, four bus or trolley fares a week were included. Husband and wife could thus ride together to church, or to visit friends, or to shop, or to go to the movies in the 1 week in 4 that they had the cash to pay the admission fee.

Chart 4
AGED UNITS 65 AND OVER WITH 1962 MONEY INCOMES LESS THAN NEEDED FOR A 'MODEST BUT ADEQUATE' LEVEL OF LIVING



¹¹ Margaret S. Stotz, *op. cit.*

Chart 5
BENEFICIARY UNITS¹ 65 AND OVER WITH LESS THAN SPECIFIED AMOUNTS
OF FINANCIAL ASSETS² AT END OF 1962



¹ Includes Savings and Checking Accounts, Stocks, Bonds, Money Loaned to Others
² Received First Benefit Before Start of Year

Resources Supplementing Income

A common question is whether it is either appropriate or realistic to judge the economic well-being of aged persons solely in terms of current money income. If the aged had saved before retirement, it is argued, they should draw on those savings. But the vast majority of the aged have only modest holdings. They either found it impossible to put much aside during their working years, or they used up retirement savings for emergencies, for educating their children, or to help out when their children established homes and started their own families.

Homeownership (farm and nonfarm) at the end of 1962 was reported by three-fourths of the couples with head or wife aged 65 or over and by more than two-fifths of the nonmarried aged, beneficiaries and nonbeneficiaries alike. (Information is not yet available on the proportion having full title to their home; in 1957 for beneficiary units it was about 80 percent of the owners.)

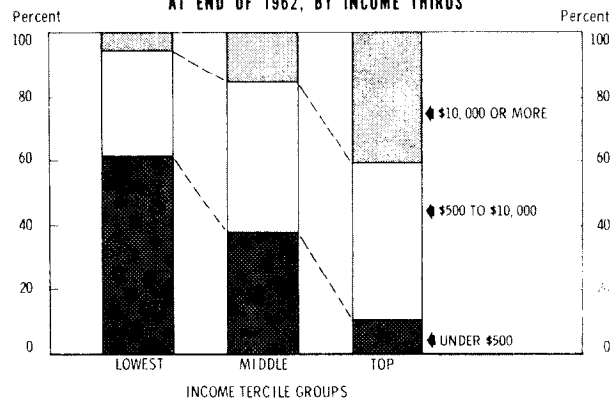
According to preliminary data from the 1963 Survey of the Aged, the value of all assets (including real property) other than the home amounted to less than \$1,000 for two-fifths of the aged couples. Likewise, more than one-half of the nonmarried aged beneficiaries and more than three-fifths of the other nonmarried persons aged 65 and over had less than \$1,000 in total assets other than an owned home. Only about 30 percent of the couples had holdings worth \$10,000 or more, and an even smaller proportion of the nonmarried had as much as \$5,000.

Even fewer of the aged units had financial assets (including all types of savings and checking accounts, stocks, bonds, and money loaned to others but not real property) that could readily be drawn on in an emergency or for current living. Of the beneficiary couples, for example, nearly half had less than \$1,000 in financial assets at the end of 1962 and barely one-fifth had \$10,000 or more (chart 5). Of the nonmarried beneficiaries, about half reported financial assets of less than \$500 and roughly one-fifth had \$5,000 or more. Nonmarried persons not entitled to OASDI benefits had even less.

Even though some income in the form of interest, dividends, or rents accrued to a substantial proportion of the aged, in many cases the amounts were very small. (Information will be available later on the size distribution of income in this form.) Moreover, those most in need of a supplement to current income are least likely to have assets on which they can draw to provide such a supplement.

Chart 6 shows the inverse correlation when beneficiary units are classified in three groups on the basis of current income. Of the beneficiary couples in the lowest third of the income range, about three-fifths had less than \$500 in financial assets; of those in the middle third, about two-fifths had so little (chart 6). Only 5 percent of the couples in the lowest third and 15 percent of those in the middle third had \$10,000 or more in financial assets. For those with only a few years of life left, \$10,000, or even \$3,000, would contribute greatly to ease of living, but for those with

Chart 6
BENEFICIARY COUPLES¹ 65 AND OVER BY AMOUNT OF FINANCIAL ASSETS²
AT END OF 1962, BY INCOME THIRDS



¹ Includes Savings and Checking Accounts, Stocks, Bonds, Money Loaned to Others
² Received First Benefit Before Start of Year

10, 15, or even 20 years ahead, even \$10,000 would do little.

Some refinements in interpretation of these figures must await further analysis of the Survey data on income and assets. Account will be taken of the additional resources that might be currently available to the aged if it were assumed that they could prorate their assets over the years of life remaining to them.

AGE DIFFERENCES IN INCOME

Much of the disparity in income position between beneficiary and nonbeneficiary units or between the married and nonmarried as a group has been attributed to a difference in age distribution. Age is, of course, associated in turn with the extent of labor-force participation.

The differences between the income situation of the group aged 65-72 and of that aged 73 and over are discussed in the following paragraphs. The comparison also takes in the group aged 62-64—not discussed earlier in this article. Persons in this age group are eligible for OASDI benefits, but the amount of the benefit is actuarially reduced, except for widows and disabled workers, for each month before attainment of age 65 for which a benefit is drawn. The maximum reduction is 20 percent for retired workers and 25 percent for wives.

The 65-and-over population was classified in only two age groups so that the sample would be adequate in size when further cross-classified by

marital and benefit status and, for the nonmarried, by sex. The rather unorthodox breaking point divides the aged population roughly in two, with 46 percent of the total in the older group. It was used because the retirement test under the Social Security Act no longer applies after the beneficiary reaches age 72. With respondents classified by age as of birthday in 1962, only those aged 73 and over would have been eligible for full OASDI benefits regardless of their earnings throughout the 1962 survey year.

Three-fifths of the couples were in the age group 65-72, but almost three-fifths of the nonmarried (56 percent) were aged 73 or older (table 9). Relatively more nonbeneficiary than beneficiary couples were in the younger age group (72 percent compared with 59 percent). For nonmarried men, the difference between beneficiaries and nonbeneficiaries was insignificant, with slightly less than half under age 73. Among the women, however, half of those with OASDI benefits but only a third of the nonbeneficiaries were under age 73.

Median incomes were smaller for the 73-and-over group than for the 65-72 age group, for each marital and beneficiary status classification, but the disparity was substantial only for couples and nonmarried men not on the OASDI rolls: \$1,750 compared with \$1,680 for couples, and \$2,000 compared with \$860 for the men without wives (table 10 and charts 7 and 8). These figures clearly reflect the fact that employment provided three-fourths of the income of the younger nonbeneficiary couples but only 18 percent for the older ones; the corresponding figures for the nonmarried men were two-thirds and 9 percent (table 11). Presumably most of the younger workers could have drawn OASDI benefits were it not for their employment, but those aged 73 and over were apparently not eligible.

Public assistance provided about one-fifth and two-fifths, respectively, of the aggregate income of the older couples and older nonmarried men. Clearly these persons did not qualify for OASDI benefits. Other public retirement programs were important to them, but of the nonmarried relatively fewer received retirement benefits than public assistance (table 12).

As previously noted, nonbeneficiary widows and other nonmarried women not receiving OASDI benefits were the most seriously disadvantaged of

TABLE 9.—AGE AND OASDI BENEFICIARY STATUS FOR UNITS AGED 65 AND OVER: Percentage distribution by beneficiary status and by age group, 1962¹

Benefit and marital status and sex	Age		
	65 and over	65-72	73 and over
Married couples, ² total.....	100	61	39
OASDI beneficiaries.....	79	47	32
Nonbeneficiaries.....	21	15	6
Nonmarried persons, total.....	100	44	56
OASDI beneficiaries.....	62	31	31
Nonbeneficiaries.....	38	14	25
Men, total.....	28	12	15
OASDI beneficiaries.....	18	8	10
Nonbeneficiaries.....	9	4	5
Women, total.....	72	32	40
OASDI beneficiaries.....	43	23	21
Nonbeneficiaries.....	29	9	20

¹ Includes all OASDI beneficiaries.

² With at least 1 member aged 65 or over.

all groups with respect to cash income. Moreover, those aged 65-72 were not much better off than those who were older. Because neither age group had much employment, the median cash incomes were \$855 and \$720.

Among the beneficiaries aged 65 and over, those under age 73 were somewhat better off than the older ones. The difference is not great because so much of their income is in the form of benefits. Some difference in favor of the younger units might be expected, however, for the following reasons. First, the benefits of the younger units generally started later and consequently were based on employment at higher average earnings. Second, they would have had less time to use up any assets with which they entered retirement—an action that often reduces current income in later years. Third, they presumably have an ad-

vantage in the current labor market over older persons.

In fact, earnings made up the same proportion of aggregate income for each of the two age groups for beneficiary couples (about one-fourth) and for nonmarried men beneficiaries (one-seventh). Interest, dividends, and rents formed about one-sixth of the aggregate income of beneficiary couples and of nonmarried women beneficiaries. Moreover, almost as large a proportion of the older as of the younger men beneficiaries had earnings, as shown in table 12. This lack of difference probably reflects the effect of the retirement test provisions, which permit payment of benefits, regardless of earnings, to beneficiaries aged 72 or over. The proportion with asset income was likewise as high—or higher—for the oldest beneficiaries as for those aged 65-72, presumably

TABLE 10.—SIZE OF MONEY INCOME BY AGE AND OASDI BENEFICIARY STATUS FOR UNITS AGED 62 AND OVER: Percentage distribution by income interval, 1962¹

Total money income and age	Married couples ²		Nonmarried men		Nonmarried women		
	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries ³		Non-beneficiaries
					Retired	Widowed	
Number (in thousands):							
62-64:							
Total.....	224	1,319	78	256	84	147	407
Reporting on income.....	196	1,100	72	225	76	133	370
65-72:							
Total.....	2,029	804	630	353	1,028	724	828
Reporting on income.....	1,775	651	589	310	915	646	713
73 and over:							
Total.....	1,715	316	860	450	884	778	1,715
Reporting on income.....	1,515	281	795	376	774	679	1,479
Percent with income—							
Less than \$1,000:							
62-64.....	5	5	31	32	34	26	34
65-72.....	4	6	19	30	29	34	56
73 and over.....	5	17	32	60	44	54	70
\$1,000-\$1,999:							
62-64.....	29	6	57	12	44	56	13
65-72.....	20	13	45	20	42	51	22
73 and over.....	30	47	46	24	38	37	21
\$2,000-\$2,999:							
62-64.....	24	6	8	10	12	12	11
65-72.....	30	8	27	9	19	10	9
73 and over.....	30	16	14	10	10	5	5
\$3,000-\$3,999:							
62-64.....	9	9	6	12	4	4	12
65-72.....	18	14	6	7	3	2	4
73 and over.....	14	8	5	3	4	1	2
\$4,000-\$4,999:							
62-64.....	9	12	(⁴)	11	1	1	11
65-72.....	12	13	2	8	2	1	3
73 and over.....	9	4	2	1	2	(⁴)	1
\$5,000-\$9,999:							
62-64.....	22	45	(⁴)	21	4	2	18
65-72.....	15	32	2	24	6	2	4
73 and over.....	9	6	2	2	1	1	1
\$10,000 and over:							
62-64.....	2	17	(⁴)	2	(⁴)	(⁴)	1
65-72.....	3	15	(⁴)	2	(⁴)	(⁴)	1
73 and over.....	4	2	1	1	(⁴)	1	(⁴)
Median income:							
62-64.....	\$2,470	\$5,900	\$1,265	\$2,685	\$1,220	\$1,350	\$2,205
65-72.....	2,900	4,750	1,610	2,000	1,455	1,285	855
73 and over.....	2,430	1,680	1,260	860	1,120	960	720

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.

² With at least 1 member aged 62 or over.

³ The retired women receive benefits based on their own wage record,

regardless of eligibility as widows; the widowed receive benefits based on the husband's wage record.

⁴ Less than 0.5 percent.

CHART 7

MEDIAN INCOME AND EARNINGS, MARRIED COUPLES 62 AND OVER, BY AGE OF HEAD—1962

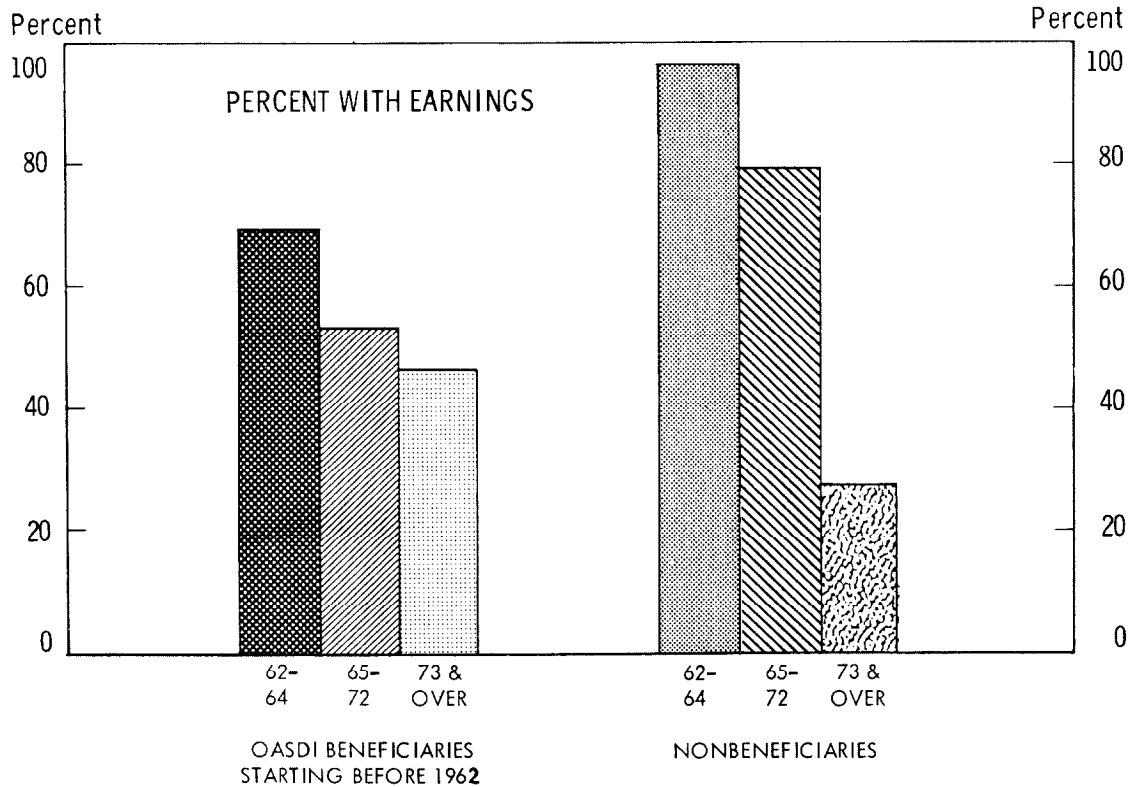
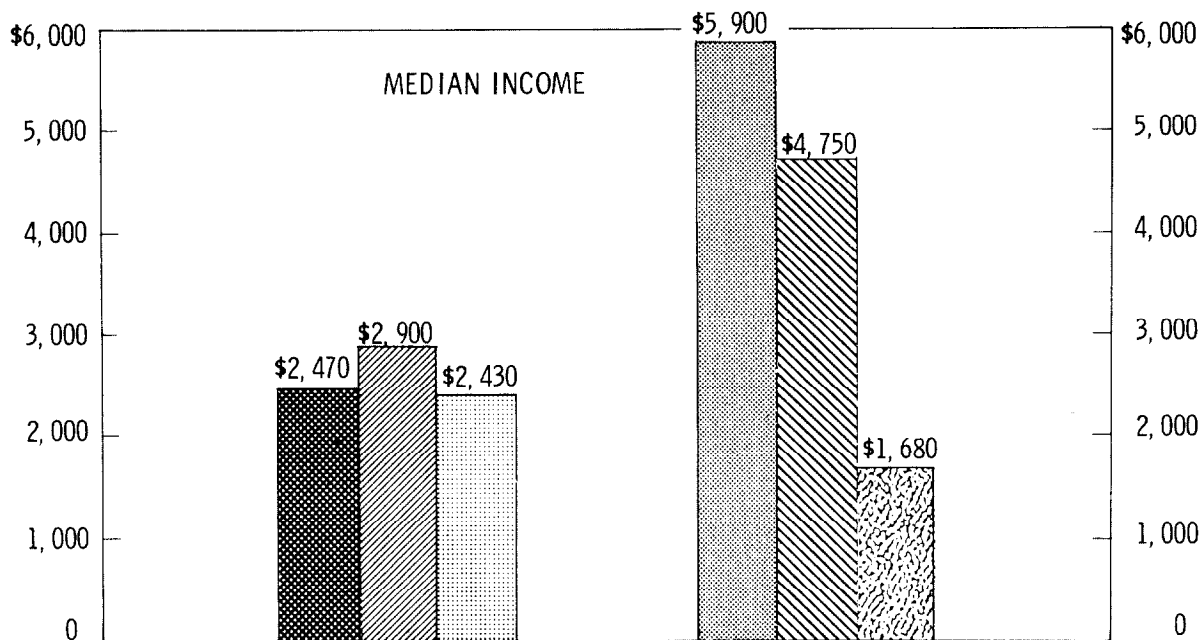
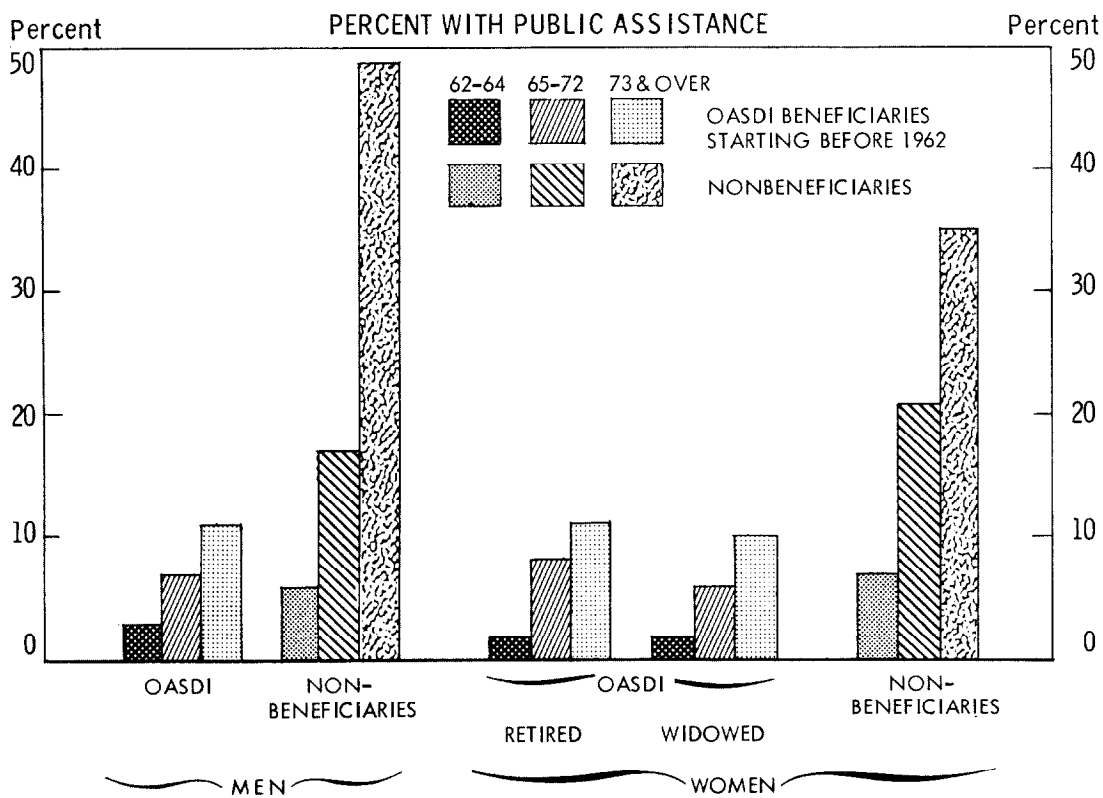
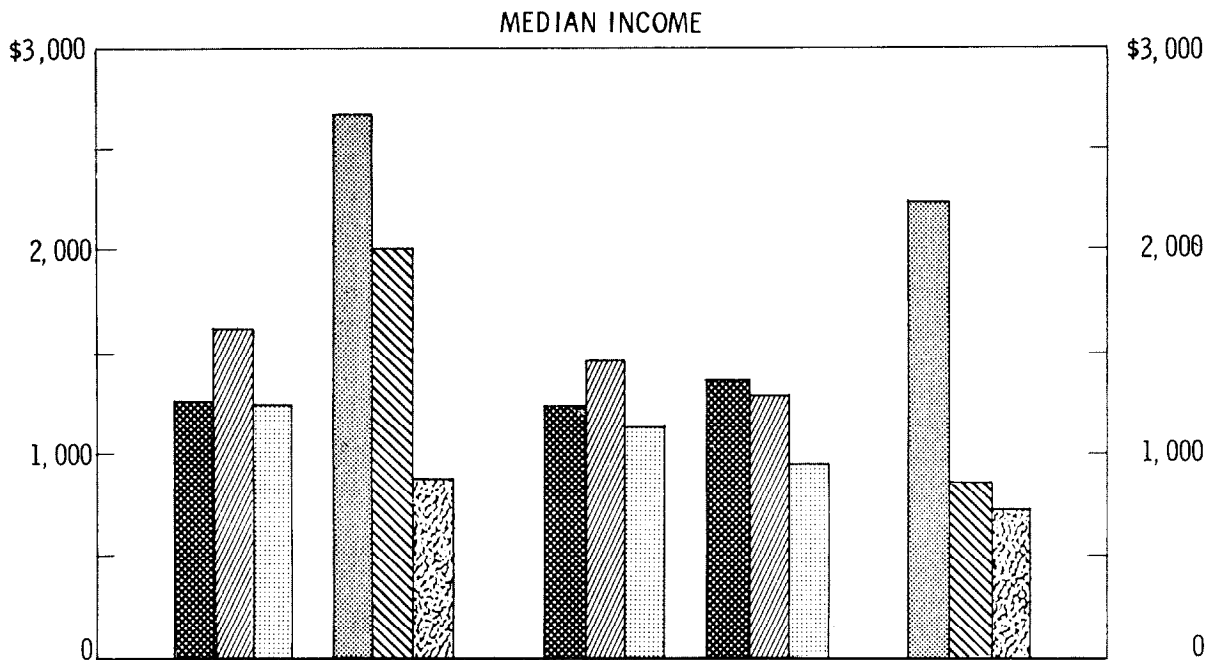


Chart 8

**MEDIAN INCOME AND RECEIPT OF PUBLIC ASSISTANCE,
NONMARRIED PERSONS 62 AND OVER, BY AGE — 1962**



because the great majority of older persons make every effort to hold on to some assets for the final emergency.

Nonmarried women aged 65 and over who were drawing OASDI benefits as retired workers had total incomes almost the same as the nonmarried men beneficiaries of that age. Examination of data by age group shows that this similarity reflects to some extent a difference in age distribution: 58 percent of the men were aged 73 or older, compared with 46 percent of the women retired workers. Within each of the two age groups, women retired workers received less than men but more than women who received benefits as widows (chart 8): Many of the widows had never worked, or the benefits they could have drawn on their own

earnings record were smaller than those to which they were entitled as dependents. (Almost three-fourths of the nonmarried women retired workers were widows.)

Among nonmarried retired workers, the differences in income between men and women were actually less than might have been expected on the basis of characteristic differences between the sexes in earnings. Partly responsible is the OASDI benefit formula, which is weighted in favor of the worker with low average earnings. There is some evidence, also, that the retired men had slightly less than the retired women in income other than benefits (table 6).

When the age group 62-64 is compared with the two older groups, it is immediately apparent that

TABLE 11.—SHARES OF MONEY INCOME BY AGE AND OASDI BENEFICIARY STATUS FOR UNITS AGED 62 AND OVER: Percentage distribution of aggregate money income by source, 1962 ¹

Source of money income and age	Married couples ²		Nonmarried men		Nonmarried women		
	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries ³		Non-beneficiaries
					Retired	Widowed	
Number (in thousands):							
62-64:							
Total.....	224	1,319	78	256	84	147	407
Reporting on income.....	196	1,100	72	225	76	133	370
65-72:							
Total.....	2,029	804	630	353	1,028	724	828
Reporting on income.....	1,775	651	589	310	915	646	713
73 and over:							
Total.....	1,715	316	860	450	884	778	1,715
Reporting on income.....	1,515	281	795	376	774	679	1,479
Percent of aggregate from—							
Earnings:							
62-64.....	48	89	4	87	34	10	83
65-72.....	25	76	13	66	23	8	45
73 and over.....	26	18	14	9	18	5	7
Retirement benefits:							
62-64.....	38	2	74	4	56	63	2
65-72.....	48	9	64	11	53	58	9
73 and over.....	51	36	63	22	54	50	10
OASDI:							
62-64.....	27		63		39	58	
65-72.....	37		55		43	56	
73 and over.....	42		54		50	48	
Other public:							
62-64.....	2	1	4	3	15	5	2
65-72.....	5	9	4	10	6	1	9
73 and over.....	4	35	4	21	2	1	10
Private group pensions:							
62-64.....	8	(⁴)	7	1	1	(⁴)	(⁴)
65-72.....	6	(⁴)	6	1	3	1	(⁴)
73 and over.....	5	1	5	1	2	1	1
Veterans' benefits:							
62-64.....	3	(⁴)	13	1	(⁴)	9	2
65-72.....	5	3	10	8	3	6	6
73 and over.....	2	4	3	5	2	1	5
Interests, dividends, and rents:							
62-64.....	8	8	8	5	7	14	8
65-72.....	17	10	9	8	14	21	15
73 and over.....	16	12	15	21	15	23	29
Public assistance:							
62-64.....	1	(⁴)	1	2	(⁴)	1	2
65-72.....	1	1	2	5	3	3	13
73 and over.....	2	22	3	39	5	5	37
Other:							
62-64.....	2	1	(⁴)	1	3	3	3
65-72.....	3	1	2	2	4	4	12
73 and over.....	3	8	2	5	6	16	12

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.

² With at least 1 member aged 62 or over.

³ The retired women receive benefits based on their own wage record,

regardless of eligibility as widows; the widowed receive benefits based on the husband's wage record.

⁴ Less than 0.5 percent.

the nonbeneficiaries aged 62-64 are, in the main, regular members of the labor force. Even among nonmarried women, 70 percent had worked in 1962, so that earnings represented more than four-fifths of the total income of the group. It is equally clear that those who claimed OASDI benefits before they reached age 65 did so because they needed the benefit. In other words, their limited earnings apparently made even a reduced benefit attractive—despite the fact that 7 out of 10 couples reported some income from employment.

The median cash income of the group aged 62-64 is approximately the same as that of the 73-and-over age group for both beneficiary couples and nonmarried men and only moderately larger for women retired workers. The contrary is true of the women beneficiaries whose benefits are based on their rights as widows; there is no actu-

arial reduction imposed for taking a widow's benefit at age 62. As a result, median income is slightly higher for the widow beneficiaries aged 62-64 than for those aged 65-72 and substantially higher than it is for those aged 73 and over. It is somewhat higher also than the median for all nonmarried retired workers—men as well as women—in the same age group.

Except among widow beneficiaries, those who claim OASDI benefits before they attain age 65 are much less likely than the other beneficiaries to have income from assets. Among these early retirants, only two-thirds as many of the couples and half as many of the nonmarried men had any income from interest, dividends, or rents. Fewer had private group pensions, even though the growth of private pension plans might lead one to expect that a larger proportion of each succes-

TABLE 12.—SOURCES OF MONEY INCOME BY AGE AND OASDI BENEFICIARY STATUS FOR UNITS AGED 65 AND OVER: Percent having income from specified sources, 1962 ¹

Source of money income and age	Married couples ²		Nonmarried men		Nonmarried women		
	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries ³		Non-beneficiaries
					Retired	Widowed	
Number (in thousands):							
62-64:							
Total.....	224	1,319	78	256	84	147	407
Reporting on sources.....	224	1,319	78	248	84	147	399
65-72:							
Total.....	2,029	804	630	353	1,028	724	828
Reporting on sources.....	2,029	802	630	338	1,028	724	815
73 and over:							
Total.....	1,715	316	860	450	884	778	1,715
Reporting on sources.....	1,715	316	860	408	884	778	1,666
Percent having—							
Earnings:							
62-64 years.....	69	96	15	75	55	23	70
65-72 years.....	53	79	27	53	42	21	30
73 and over.....	46	27	23	12	25	12	9
Public retirement benefits (not OASDI):							
62-64 years.....	7	3	5	4	19	7	4
65-72 years.....	9	21	8	14	10	2	11
73 and over.....	8	30	4	14	6	1	10
Private group pensions:							
62-64 years.....	17	2	5	2	4	1	1
65-72 years.....	22	3	13	4	9	1	1
73 and over.....	17	2	13	2	5	2	2
Veterans' benefits:							
62-64 years.....	10	3	18	1	(⁴)	19	7
65-72 years.....	20	16	20	20	6	13	7
73 and over.....	7	10	5	6	5	3	4
Interest, dividends, and rents:							
62-64 years.....	43	63	26	42	45	53	55
65-72 years.....	64	67	48	41	59	58	40
73 and over.....	66	51	52	28	53	58	37
Private individual annuities:							
62-64 years.....	1	2	(⁴)	(⁴)	(⁴)	(⁴)	2
65-72 years.....	4	4	3	1	5	2	2
73 and over.....	3	5	1	(⁴)	6	2	2
Public assistance:							
62-64 years.....	8	2	3	6	2	2	7
65-72 years.....	5	5	7	17	8	6	21
73 and over.....	7	34	11	49	11	10	35
Contributions by relatives: ⁵							
62-64 years.....	2	(⁴)	(⁴)	1	4	5	3
65-72 years.....	1	2	1	(⁴)	4	4	6
73 and over.....	4	6	2	1	5	6	9

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.

² With at least 1 member aged 62 or over.

³ The retired women receive benefits based on their own wage record,

regardless of eligibility as widows; the widowed receive benefits based on the husband's wage record.

⁴ Less than 0.5 percent.

⁵ Relatives or friends not in household.

sive age cohort reaching retirement would have rights to a private pension.

For the nonmarried in each age group—even the group aged 62–64—public assistance payments were reported more frequently by nonbeneficiaries than by those receiving an OASDI check. The heavy reliance on public assistance was, of course, particularly striking among those aged 73 and older (chart 8). It is significant, however, that the public assistance recipient rate was almost twice as high for nonbeneficiaries aged 65–72 as for beneficiaries aged 73 and over.

A LOOK AHEAD

Today's problems are clear: Even with four-fifths of the aged now eligible for an OASDI benefit, a considerable number have income insufficient for their needs. But many concerned with programs to lighten the financial burden of old age will seek out the implications of these new data for the aged in the years ahead. How can data from the 1963 Survey of the Aged be used for that purpose?

It is known that a growing proportion of the aged will be eligible for OASDI benefits. As the proportion of all those aged 65 and over who are eligible for benefits approaches 90 percent—as it will by 1975—there will be fewer with cash incomes as pitifully small as those reported in 1962 by most nonbeneficiaries aged 73 and over. And fewer should need public assistance—unless it is to meet medical needs.

If, on the other hand, the labor-force participation rate for aged men continues downward, there may be relatively fewer past age 65 who do as well as the nonbeneficiary couples and nonmarried men aged 65–72 did in 1962. Although some of them received retirement benefits under other programs, the great majority were at work. Today OASDI benefits represent only about 30 percent of average factory earnings—less for the higher-paid worker and more for the worker in a lower-paid job.

Coverage of private pension plans has grown sharply during the past 10–15 years. Aged persons with private pensions in addition to OASDI benefits make out comparatively well. Their numbers are still small, however, in relation to the size of the aged population. Even 10 or 15 years

from now it is expected that no more than 25–30 percent of the aged will be drawing income from a private pension.

Average OASDI benefits will continue to increase—slowly under present legislation—because of rising earnings levels. In addition, as a progressively larger proportion of women become eligible for benefits on their own work record, married couples and nonmarried women alike should enjoy some improvement in income position.

From 1951 to 1959 there was a substantial improvement in the income status of the aged. Even in constant (1959) dollars, the median incomes more than doubled for nonmarried women, increased two-thirds for couples, and advanced more than 50 percent for nonmarried men.¹² Since 1959 there has been further improvement, as shown below.

Aged unit	Median income	
	1962	1959
Married couples.....	\$2,875	\$2,600
Nonmarried men.....	1,365	1,160
Nonmarried women.....	1,015	670

Though some of the gain may be more apparent than real (resulting from the emphasis in the 1963 Survey on collection of detailed income data by source), some is attributable to the maturing of the OASDI system and to a series of liberalizations in the program. What future program changes there may be the analyst cannot project.

Since all but about 10 percent of those aged 65 and over will be eligible for OASDI benefits by 1975, the probable trend in the amount of income that beneficiaries receive in addition to benefits is also important. In this respect there was little improvement from 1957 to 1962. In general, those with the smallest benefits are least likely to have other sources of income. Limited work experience, which results in small benefits, likewise precludes much in the way of individual savings and usually means that the retired worker has not earned a private pension and will find it hard to obtain any work to supplement his benefit.

It has been customary to look to the characteristics of the younger beneficiaries for an indica-

¹² Lenore A. Epstein, "Living Arrangements and Income of the Aged, 1959," *Social Security Bulletin*, September 1963, page 6.

tion of the shape of things to come. The oldest have always been in the worst financial plight. It has been assumed that as the older beneficiaries die and as others enter retirement with years of high wage levels behind them, beneficiaries as a group would be much better off. The small income advantage enjoyed by the age group 65-72 compared with beneficiaries aged 73 and over raises some question concerning this assumption.

Furthermore, by the close of 1962 almost one-third of the women aged 65 and over who were drawing benefits as retired workers, and more than two-fifths of the retired women beneficiaries aged 62 and over (married plus nonmarried), had taken an actuarially reduced benefit. This action has been possible for women since late 1956. Of the women drawing benefits as dependent wives of retired workers at the end of 1962, the proportion with actuarially reduced benefits was 34 percent for those aged 65 and over, 45 percent for the entire group aged 62 and over.¹³

It was not until August 1961 that men were eligible for a reduced benefit at age 62 and then on even less favorable terms than women because of the method of computing their benefit. By the end of that year, however, there were 273,000 men with actuarially reduced benefits. By the end of 1962 the number had advanced to 657,000, or one-tenth of the retired men receiving OASDI benefits. Nearly one-fourth of all men aged 62-64 in the Nation were receiving OASDI benefits at that time. Although some workers may take advantage of the OASDI provision for retirement at ages 62-64 because they can also draw a private pension, it is clear that many of the men who retire before age 65 are unemployed at the time or have had a history of low earnings or intermittent employment.

In considering adequacy of benefits, thought must be given to the reduced amounts for which many beneficiaries will settle. One may well wonder whether a provision intended to ease the way for workers forced out of the labor force prematurely may not be creating a new group of poor—people who will have many years with little income but a benefit, and that a small one.

There seems little doubt that OASDI will re-

¹³ The average benefit of retired women whose benefits were actuarially reduced was \$58 a month, compared with the \$66 that would have been payable as a benefit were it not for the actuarial reduction. For aged wives the corresponding averages were \$37 and \$45 a month.

main the major source of retirement income. The level of protection afforded by the program becomes a measure of what our society intends for its aged members.

Technical Note on Source and Reliability of the Estimates

SOURCE OF THE DATA

In 1962 the Social Security Administration of the Department of Health, Education, and Welfare undertook a nationwide survey of the socio-economic characteristics of the aged, with the Bureau of the Census responsible for collecting and tabulating the information.

SURVEY DESIGN

1. Interview unit

The basic interview unit for the Survey was an "aged unit," which was defined as a married couple living together, either member of which was aged 62 or older, or a nonmarried person (including persons whose spouse had a usual residence elsewhere) who was aged 62 or older.

2. Sample design

A representative multistage area probability sample of the universe was used as the basis for the Survey. (The universe was composed of the civilian population aged 62 and over residing in the 50 States and the District of Columbia.) Ultimate sample units consisted of a representative subsample (one-half) of the Current Population Survey (CPS) sample¹⁴ and the full Quarterly Household Survey (QHS), to create the sample for the 1963 Survey of the Aged. The ultimate sample units in the 1963 Survey sample, therefore, were selected after the following stages of sampling:

- a. The standard metropolitan statistical areas and counties of the United States were grouped into about 1,900 primary sampling units (PSU).
- b. These primary sampling units were then grouped into strata of one or more primary sampling units that are relatively homogeneous according to socio-economic characteristics. (There were 357 strata for the CPS and 333 for the QHS. The 333 represent an earlier phase of the evolution of the first-stage design of the CPS.)
- c. Within each of the strata a single primary sampling unit was selected to represent the stratum. The 357 area CPS design is composed of 701 counties and independent cities and the 333 area QHS design of 641 counties and independent cities—with very substantial overlap between the two sets.
- d. Within each of the primary sampling units a sample of housing units with addresses from the 1960 Census

¹⁴ For a complete description of the CPS sample see Bureau of the Census, *The Current Population Survey—A Report on Methodology*, Technical Paper No. 7, 1963. The QHS sample design is similar to the CPS design.

listing books and building permit records was selected. A procedure was also used to provide a sample from units that were missed in the Census and for additional units that would not be covered in the building permit records.

e. Within the sample units about 8,500 aged units consisting of about 11,000 aged persons was the expected sample size for the 1963 Survey of the Aged.

3. Survey stages

Because of the amount and complexity of the information being requested, the field survey was conducted in two stages. In the first stage, begun early in January 1963, respondents were identified and the Survey was explained to them. They were asked to provide their social security account number and such identifying information (not already available from the CPS or QHS interview) as is usually obtained on an application for an account number. Respondents were then given a questionnaire to complete and hold for an interviewer to pick up at a subsequent visit. In the second stage, completed in February 1963, the interviewer reviewed the answers on the self-administered form and filled in a second questionnaire relating to additional topics. Altogether, useful questionnaires were completed for 7,515 aged units, a completion rate of about 88 percent.

Persons in institutions were included (at half the sampling ratio used for the aged units in households). Only a limited amount of information—primarily on income and medical care—was requested. Where feasible, the answers were obtained directly from the respondent; in other cases, personnel of the institution and/or hospital records provided the needed detail.

4. Nature of information

Information was collected on such topics as income by source, work experience, assets and liabilities, health care costs, health insurance coverage, and living arrangements, as well as other facets of socio-economic status of persons aged 62 and over. Information in this detail will be available for the first time for a representative sample of all aged persons in the United States rather than only of OASDI beneficiaries.

The first-stage questionnaire covered health insurance, medical care costs, assets and debts, and income. The follow-up interview obtained more detail on these subjects and included additional questions on other subjects such as home tenure, living arrangements, housing and food expenses for those living alone, and on labor-force participation and work experience, as well as special questions for recent widows.

The information obtained from these two questionnaires was supplemented by information on household composition and family income from the CPS and QHS interviews as well as the Social Security Administration's record data described below.

5. Match with social security records

All cases were checked against the Social Security Administration's National Employee Index and other records to determine if the individual respondent had an account number or, by cross reference, if he had any possible claim status. All cases with a social security account number or a possible claim were then further screened to determine if a claim had been filed. Information was abstracted on type of benefit, primary insurance

amount, benefits received during the survey year, year of first benefit, and other factors. Of the 8,378 units screened against OASDI records, positive identification as beneficiaries or nonbeneficiaries was completed on all but about 10, for which there was no evidence of a claim. Benefit record data were compiled on all but five of the 5,253 units identified as beneficiaries. Anyone who had received at least one benefit by the end of 1962 on an existing claim was classified as a beneficiary.

ESTIMATION

The estimates presented in this report are therefore derived from both the field collection and the OASDI program information. The basic data for each unit were weighted as follows:

1. Adjustment for noninterview

Some of the sample units did not provide usable questionnaires. For most households, however, there was some limited information that could be utilized in the non-interview adjustment process. Interviewed units having characteristics similar to those of noninterviewed units were selected at random and given a weighting factor of 2 to adjust for units not interviewed. The characteristics used in identifying similarities between interviewed and noninterviewed units were geographic area, size of aged unit (1 or 2 persons), age and race of the head of the unit, and sex for one-person units.

2. First-stage ratio estimation

The first stage of ratio estimation takes into account differences at the time of the last Census in the distribution by race and residence of the population estimated from the sample PSU's and that of the total population in each of the four major regions of the country. This stage of estimation has the effect of reducing somewhat the contribution to sampling variability arising from the selection of sample areas in the first stage of sampling.

3. Second-stage ratio estimation

The second-stage ratio estimation used the results of the 1963 Survey of the Aged after the noninterview adjustment and the first-stage ratio estimation to provide distribution of characteristics within age and race groups. Independent estimates of the civilian population aged 62 and over by race, sex, and age groups were then multiplied by the distributions derived from the Survey to create the estimates shown in this report. The number of OASDI beneficiaries calculated in this way was found to be less than 2 percent below the Social Security Administration estimate of the number with benefits in current-payment status and within 5 percent of the number with benefits in force—that is, on the rolls, whether or not a benefit had ever been received. At the end of 1962, more than 400,000 of the 14.5 million persons aged 62 or over with benefits in force were not actually receiving payments.

RELIABILITY OF THE ESTIMATES

Since the estimates in this report are based on a sample, they may differ somewhat from the figures that would have been obtained if all aged persons in the United States had been surveyed and the same schedules, instructions, and interviewers used. Estimates of the sampling

(Continued on page 28)

INCOME OF THE AGED IN 1962

(Continued from page 24)

variability of the Survey results will be available in the detailed report on the 1963 Survey of the Aged.

In addition to sampling variability, as in any survey work, the results are also subject to errors of response and nonreporting. In many cases the data were based on memory rather than on records. In most income and expenditure data derived from field surveys the memory factor probably produces underestimates because of the tendency to forget minor or irregular sources of income and outlays. There are indications, however, that the tendency to underestimate income was less in this Survey. Other errors of reporting result from misrepresentation or misunderstanding as to the scope of a concept.

Incomplete responses to questions were handled in a variety of ways, depending on the question. Every effort, short of mechanical imputation, was made to obtain for each schedule a total income and a total medical expense figure, each built up from a detailed series of questions. In the case of income, for example, when

an asset was reported and there was no entry for income accruing from assets of that type, income at the rate of 4 percent was recorded. If, on the other hand, the respondent reported on most income items but failed to make an entry (of an amount, "None," or "Don't Know") for certain infrequent income sources, such as unemployment insurance or individual annuities, this was tabulated as a zero entry. In the case of medical care, if the cost of care by doctors, dentists, and care in hospitals was recorded, but there was no entry at all for "Other" (miscellaneous) medical care, this item too was tabulated as a zero.

In addition to the results available from the match against the social security records, a series of comparisons with other reports on the number receiving income from specified sources is in process. Data on size of income, amount of assets, health insurance coverage, and hospital utilization are also being compared with those yielded by other field surveys. The results of these comparisons will be published in the detailed report on the Survey.