

COMPARISON OF A PROPOSED REVISION OF THE FEDERAL OLD-AGE
INSURANCE PLAN WITH THE PRESENT PLAN

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These tables are preliminary and subject to revision.
They are not intended for general distribution.

Table 1

AVERAGE MONTHLY ANNUITIES UNDER PROPOSED PLAN^{a/}
 COMPARED WITH THE AVERAGE MONTHLY UNDER THE
 EXISTING FEDERAL OLD-AGE INSURANCE PLAN

Calendar Year	Males with Allowance For Wife	Females and Other Males	Eligible Widows	Average for All Persons Receiving Annuities		Present Title II
				Duplicated ^{b/}	Unduplicated ^{c/}	
1940	\$22.50	\$15.00	\$11.20	\$17.80	\$12.80	---
1945	24.50	16.30	11.60	19.30	14.50	\$18.20
1950	29.10	19.40	12.30	22.40	17.20	20.80
1955	33.60	22.40	13.60	24.90	19.70	23.90
1960	37.60	25.10	15.00	27.20	21.90	28.10
1965	40.80	27.20	16.80	29.10	23.80	31.60
1970	44.10	29.40	18.40	30.90	25.80	35.20
1975	47.30	31.50	20.10	32.80	27.90	39.40
1980	50.20	33.50	22.00	34.40	30.10	43.50

a/ $\frac{1}{2}\%$ of first \$3,000 plus $\frac{1}{12}\%$ of next \$12,000 plus $\frac{1}{24}\%$ of next \$30,000 plus $\frac{1}{48}\%$ of excess over \$45,000. Benefit is increased 50% for married man with wife over age 60. First annuity payments in 1940 with "age 65" amendment. Same death benefits as present Title II. Benefit for surviving widow is 75% of husband's annuity after she attains age 60.

b/ Total annuity payments divided by number of persons who receive checks ("duplicated persons" receiving annuities as shown in Table 3). This column thus represents the average size of the checks.

c/ Total annuity payments divided by number of persons in respect to whom payments are made ("unduplicated persons" receiving annuities as shown in Table 3). This column thus represents the average size of the payment per person with respect to whom payments are made.

Source: W179

Table 2

ILLUSTRATIVE MONTHLY BENEFITS UNDER PROPOSED PLAN^{a/}

Years of Coverage	Present Formula	Proposed Formula for		Proposed Formula as % of Present Formula	
		Single Person	Married Person	Single Person	Married Person
Average Monthly Wage of \$25					
5	*	*	*	*	*
15	\$16.25	\$16.25	\$24.38	100%	150%
25	18.75	18.75	28.12	100	150
35	21.25	21.25	31.88	100	150
45	23.75	23.75	35.62	100	150
Average Monthly Wage of \$50.					
5	15.00	15.00	22.50	100	150
15	20.00	20.00	30.00	100	150
25	25.00	25.00	37.50	100	150
35	30.00	27.50	41.25	92	138
45	35.00	30.00	45.00	86	129
Average Monthly Wage of \$100					
5	17.50	17.50	26.25	100	150
15	27.50	26.25	39.38	95	143
25	37.50	31.25	46.88	83	125
35	47.50	36.25	54.38	76	114
45	53.75	39.38	59.07	73	110
Average Monthly Wage of \$150					
5	20.00	20.00	30.00	100	150
15	35.00	30.00	45.00	86	129
25	50.00	37.50	56.25	75	112
35	57.50	41.25	61.88	72	108
45	65.00	45.00	67.50	69	104
Average Monthly Wage of \$250					
5	25.00	25.00	37.50	100	150
15	50.00	37.50	56.25	75	112
25	62.50	43.75	65.62	70	105
35	75.00	50.00	75.00	67	100
45	85.00	56.25	84.38	66	99

* Not eligible

a/ 1/48% of first \$3,000 plus 1/12% of next \$12,000 plus 1/24% of next \$30,000 plus 1/48% of excess over \$45,000. Benefit is increased 50% for married man with wife over age 60.

Table 3

ESTIMATED NUMBER OF BENEFICIARIES UNDER PROPOSED FEDERAL OLD-AGE INSURANCE PLAN^{a/}

(All figures in thousands of persons)

Calendar Year	Male Annuitants		Female Annuitants	Total Annuitants	Eligible Widows	Total Receiving Annuities	
	With Allow- ance for Wife	Without Allow- ance for Wife				Duplicated ^{b/}	Unduplicated ^{c/}
1940	398	484	124	1006	18	1019	1417
1945	587	752	222	1561	186	1747	2384
1950	793	1070	342	2205	416	2621	3414
1955	941	1385	517	2943	677	3520	4461
1960	1096	1783	738	3617	949	4566	5662
1965	1170	2059	922	4151	1203	5354	6524
1970	1225	2353	1130	4708	1444	6152	7377
1975	1221	2841	1429	5291	1642	6933	8154
1980	1084	2942	1886	5912	1759	7671	8755

a/ Number of annuitants (those with wage records) is same as shown in Table 9, "Cost Estimates for Various Modifications of the Old-Age Insurance Benefits under Title II Suggested to the Social Security Board." Married male annuitant receives an allowance for his wife if she is over age 60 and if she is not receiving an annuity in her own right. The widow of a man who was receiving or was eligible to receive an annuity, receives an annuity when she is over 60 if not receiving an annuity in her own right.

b/ Includes all annuitants and eligible widows. This column thus represents the total number of individuals who receive checks.

c/ Includes all annuitants and eligible widows and wives for whom allowance is received. This column thus represents the total number of different persons for whom payments are made.

Table 4

COMPARISON OF ANNUITANTS UNDER TWO MODIFICATIONS^{a/} OF TITLE II
 (All figures in thousands of persons)

Calendar Year	Present Title II	Age 65 Amendment	Proposed Plan ^{b/}	Ratio to Present Title II	
				Age 65	Proposed
1940	---	---	1417	---	---
1941	---	---	1688	---	---
1942	175	1282	1853	7.3	10.6
1943	343	1375	2015	4.0	5.9
1944	537	1493	2209	2.8	4.1
1945	681	1561	2334	2.3	3.4
1950	1680	2205	3414	1.3	2.0
1955	2594	2843	4461	1.1	1.7
1960	3528	3617	5662	1.0	1.6
1965	4130	4151	6524	1.0	1.6
1970	4705	4708	7377	1.0	1.6
1975	5291	5291	8154	1.0	1.5
1980	5912	5912	8755	1.0	1.5

^{a/} For description of plan see Table 1.

^{b/} Includes all annuitants, eligible widows, and wives for whom allowance is paid.

Source: W95, W170, and W179.

Table 5

COMPARISON OF BENEFIT PAYMENTS UNDER TWO MODIFICATIONS OF TITLE II

(All figures in millions of dollars)

Calendar Year	Present Title II	Age 65 Amendment	Proposed Plan ^{a/}	As % of Column 1	
				Column 2	Column 3
Benefit Payments in Year					
1940	48	35	244	73%	508%
1945	218	395	465	181	213
1950	538	669	810	124	151
1955	921	1,028	1,201	112	130
1960	1,430	1,526	1,681	107	118
1965	1,875	1,975	2,107	105	112
1970	2,355	2,490	2,556	106	109
1975	2,934	3,051	3,036	104	103
1980	3,576	3,668	3,496	103	98
Cumulative Benefit Payments					
1940	105	78	277	74	264
1945	749	1,512	2,179	202	291
1950	2,810	4,325	5,543	154	197
1955	6,661	8,762	10,783	132	162
1960	12,803	15,424	18,271	120	143
1965	21,423	24,476	28,035	114	131
1970	32,240	35,927	39,958	111	124
1975	45,704	50,018	54,164	109	119
1980	62,288	67,087	70,711	108	114

a/ $\frac{1}{2}\%$ of the first \$3,000 plus $\frac{1}{12}\%$ of next \$12,000 plus $\frac{1}{24}\%$ of next \$30,000 plus $\frac{1}{48}\%$ of excess. Wages after 65 are credited under Title II and taxed under Title VIII. First annuity payments in 1940.

Death benefit before 65 is same as present Title II; no death benefit after 65. Annuity is increased 50% for married man with wife over 60. Widow of annuitant receives 75% of husband's basic annuity when she is over 60. Allowance for wife and annuity for widow are not available if she is receiving an annuity in her own right.

Source: W95, W170, and W179.

Table 6

PROGRESS OF RESERVE UNDER PROPOSED PLAN^{a/} AND WITH PRESENT SCALE OF TAXES

(All figures in millions of dollars)

Calendar Year	Appropriation	Benefit Payments	Interest on Reserve	Federal Subsidy ^{b/}	Balance in Reserve	Cumulative	
						Appropriations	Benefit Payments
1937	528	4	0	0	524	528	4
1938	535	11	16	0	1,064	1,083	15
1939	542	18	32	0	1,620	1,605	33
1940	827	244	49	0	2,252	2,432	277
1941	829	300	68	0	2,849	3,261	577
1942	829	335	85	0	3,428	4,090	912
1943	1,125	377	103	0	4,279	5,215	1,289
1944	1,137	425	128	0	5,119	6,352	1,714
1945	1,148	465	154	0	5,956	7,500	2,179
1950	1,813	810	315	0	11,823	15,507	5,543
1955	1,904	1,201	506	0	18,078	24,847	10,783
1960	1,994	1,681	673	0	23,425	34,638	18,271
1965	2,080	2,107	807	0	27,672	44,868	28,035
1970	2,165	2,556	907	0	30,755	55,525	39,958
1975	2,251	3,036	965	0	32,362	66,608	54,164
1980	2,259	3,496	967	0 ^{b/}	31,952 ^{b/}	77,887	70,711

a/ $\frac{1}{2}\%$ of the first \$3000 plus $\frac{1}{12}\%$ of next \$12,000 plus $\frac{1}{24}\%$ of next \$30,000 plus $\frac{1}{48}\%$ of excess. Wages after 65 are credited under Title II and taxed under Title VIII. First annuity payments in 1940.

Death benefit before 65 is same as present Title II; no death benefit after 65. Annuity is increased 50% for married man with wife over 60. Widow of annuitant receives 75% of husband's basic annuity when she is over 60. Allowance for wife and annuity for widow are not available if she is receiving an annuity in her own right.

b/ A Federal subsidy is introduced when the reserve falls below 10 billion dollars. This will not occur until many years after 1980. An annual Federal subsidy of 278 million dollars in each year after 1980 is necessary to maintain the reserve at the 1980 level.

Source: W179

Table 7

PROGRESS OF RESERVE UNDER PROPOSED PLAN^{a/}
AND WITH NEW SCALE OF TAXES UNDER TITLE VIII^{b/}

(All figures in millions of dollars)

Calendar Year	Appropriation	Benefit Payments	Interest on Reserve	Federal Subsidy ^{c/}	Balance in Reserve	Cumulative	
						Appropriations	Benefit Payments
1937	528	4	0	0	524	528	4
1938	535	11	16	0	1,064	1,063	15
1939	542	18	32	0	1,620	1,605	33
1940	827	244	49	0	2,252	2,432	277
1941	829	300	68	0	2,849	3,261	577
1942	829	335	85	0	3,428	4,090	912
1943	1,125	377	103	0	4,279	5,215	1,289
1944	1,137	425	128	0	5,119	6,352	1,714
1945	1,148	465	154	0	5,956	7,500	2,179
1950	1,511	810	306	0	11,213	14,906	5,543
1955	1,587	1,201	447	0	15,721	22,691	10,783
1960	1,662	1,681	553	0	18,963	30,851	18,271
1965	1,733	2,107	614	0	20,690	39,376	28,035
1970	1,804	2,556	627	0	20,777	48,257	39,958
1975	1,876	3,036	582	0	18,833	57,492	54,164
1980	1,882	3,496	463	0 ^{c/}	14,273 ^{c/}	66,891	70,711

a/ For description of plan see Table 1.

b/ Schedule of taxes and expense allowances in arriving at appropriations:

Period	Tax Rate	Expense as % of Taxes
1937-39	2%	8 1/3%
1940-42	3	6 2/3
1943-45	4	5
1946-	5	5

c/ A Federal subsidy is introduced when the reserve falls below 10 billion dollars. This will not occur until about 1983. Thereafter, a subsidy of 1,314 million dollars will be necessary to maintain the reserve at 10 billion dollars.

Source: W179

Table 8

COMPARISON OF RESERVES UNDER TWO MODIFICATIONS OF TITLE II

(All figures in millions of dollars)

<u>Calendar Year</u>	<u>Present Title II</u>	<u>Age 65 Amendment</u>	<u>Proposed Plan^{a/}</u>	
			<u>2-5% Tax</u>	<u>2-6% Tax</u>
1940	2,337	2,461	2,252	2,252
1945	7,343	6,717	5,956	5,956
1950	14,732	13,286	11,213	11,823
1955	22,765	20,625	15,721	18,078
1960	30,066	27,258	18,963	23,425
1965	36,307	32,872	20,690	27,672
1970	41,625	37,290	20,777	30,755
1975	45,402	40,066	18,833	32,362
1980	46,641	40,339	14,273	31,952

^{a/} For description of plan see Table 1.

Source: W95, W170, and W179