Analysis of Benefits OASDI Program 1960 Amendments

by

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FOREWORD

The 1958 Amendments to the Old-Age, Survivors, and Disability Insurance system provided significant increases in benefit amounts by changing the benefit formula and the maximum earnings creditable. This legislation also modified the insured status requirements for disability benefits, added benefits for certain dependents of disability beneficiaries, and revised the financing provisions of the OASI portion of the system. The 1960 Amendments eliminated the age-50 requirement for disability benefits, increased certain child survivor benefits, liberalized the requirements for fully insured status for all types of benefits, and made certain other changes affecting benefit eligibility and amounts.

This Study, which presents an account of the system as it exists following the 1958 and 1960 Amendments, together with a detailed description of the procedure for determination of benefits, is intended for convenient reference and does not have the effect of law. A chart of quarters of coverage required for insured status and several tables for computation and conversion of benefits should prove useful. Another purpose of the Study is to point out certain interesting singularities in the operation of the law--for example, minor inconsistencies between legislative intent and results in particular cases. A social insurance program is not designed to secure exact individual equity, of course, but these oddities are worth noting, even though the number of cases and amounts involved are small.

Of particular interest is a thorough analysis of the provisions for the payment of benefits in approximately actuarially reduced amount to women workers and to wives who elect to receive such benefits between the ages of 62 and 65. The 1956 Amendments which included this provision did not affect benefit amounts and thus an Actuarial Study corresponding to this one was not issued at that time.

This Study is the sixth of a series: Actuarial Study No. 8 related to the 1935 Act; Actuarial Study No. 14 to the 1939 Amendments; Actuarial Study No. 30 to the 1950 Amendments; Actuarial Study No. 34 to the 1952 Amendments; and Actuarial Study No. 41 to the 1954 Amendments.

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This Study has been prepared for the use of the staff of the Social Security Administration and for limited circulation to other persons in administration, insurance, and research concerned with the subject treated. It has not been submitted to the Commissioner of Social Security for official approval.

I. Introduction

The Social Security Act of 1935 instituted a compulsory social insurance program providing old-age retirement benefits for workers in commerce and industry in the United States. In the ensuing years the program has been broadened to include practically all employment not covered under other Federal retirement systems and to provide protection for disabled workers, for dependents of retired and disabled workers, and for survivors of deceased workers. Eligibility for benefits depends upon the worker's past earnings, his years of coverage, his age, and whether he is or has been disabled. A man at age 65 who has worked in covered employment (including self-employment) for, broadly speaking, at least 10 years is eligible for a monthly benefit. If he has worked less than 10 years, but at least $1\frac{1}{2}$ years, he may still be eligible. In the latter case, he must have worked in covered employment for a period equal to about one-third of the time between January 1, 1951 and the year in which he reached age 65, but the work may have been performed at any time. For a woman, the period of measurement is up to age 62.

To compute the amount he will receive, he must determine his total covered earnings since January 1, 1951 (January 1 of the year he reached age 22, if later) and divide by the number of months elapsed since that date. The resulting figure is his average monthly wage. He may omit both earnings and months for as many as 5 years, thus "dropping out" a period of low earnings. A man over age 65 (or a woman over age 62) may substitute earnings in years after attainment of retirement age for lower earnings in earlier years. The "disability freeze" permits a man disabled for a long period to disregard those months in determining his average monthly wage. Turning to Table 1 on pages 10 and 11 he finds his average monthly wage in column 1. The amount he and his family will receive is based on the corresponding figure shown in column 4. This "primary insurance amount" might be considered a basic benefit, determined by both earnings and years of employment, which in turn reflect the taxes or contributions made to the program by him and his employer.

The monthly payment for the retired worker is equal to the primary insurance amount. If his wife is also age 65 at the time he claims benefits, she receives a monthly payment of half this amount; if she is between 62 and 65 then, she may elect to receive a smaller payment starting immediately instead of the full payment starting at age 65. Each of his children under age 18 also receives half the primary amount. Under certain circumstances, disabled children aged 18 and over can receive benefits. The disabled worker, if he has worked long enough in covered employment, receives the same monthly payment and has the same income provision for his dependents. When an active or retired man dies, the surviving members of his family may be eligible for benefits. The widow at age 62 (regardless of age if she is caring for entitled children) receives $\frac{3}{4}$ of the worker's primary amount, as does each child. A dependent father aged 65 or mother aged 62 receives $\frac{3}{4}$ of the primary amount. However, no family may receive more than the maximum amount shown in Table 1 (column 5). Similar provisions apply to a woman worker, who in addition may elect to retire at age 62 with a monthly benefit reduced by 20%. The husband or widower of a woman worker may receive benefits only if he was supported by his wife at the time of her retirement or death.

The determination of benefits is a complex procedure, since the law has been amended a number of times following its original enactment, and since an attempt has been made to provide for the person whose retirement or death may occur soon after his means of livelihood was first covered under the program. This Study, therefore, proceeds to a detailed discussion of the program as it exists today. Understanding of the present provisions will facilitate consideration of the changes made by the 1958 and 1960 Amendments.

II. The Determination of Benefits

For a precise determination of eligibility for benefits and computation of amount, a number of criteria are defined by law. For example, credited wages must be earned in employment covered by the program during the year of their receipt, and cannot exceed the prescribed maximum for that year. Throughout this Study, the word "worker" refers to any individual who has ever had earnings covered under the program. To be eligible for a given type of benefit payment, the worker must meet certain requirements as to age and as to quarters of coverage, which are said to determine his "insured status." The retired worker's family receives benefits based on the worker's primary insurance amount, as do survivors of a worker who died in insured status, if they meet certain conditions as to age, dependency, and earnings.

In determining eligibility and amount of benefits, it should be noted that at the time of past amendments to the Act special consideration has been given to persons already receiving benefits, and to newly-covered workers who may reach retirement age before they have had time to meet the normal requirements. No attempt is made herein to discuss the application of previous interim provisions; instead the Study presents in detail the provisions in the case of a worker who retires, dies, or becomes entitled to disability benefits after January 1, 1961, and the procedure for adjusting amounts payable to beneficiaries already on the benefit rolls when the 1958 and 1960 Amendments were enacted.

Employment Covered. Beginning in 1937, employment in commerce and industry in the United States (including Alaska and Hawaii), except railroad employment, is covered under the program for workers under 65. In 1939, the age restriction was removed.

In 1951, compulsory coverage was extended to regular domestic and farm labor, self-employed individuals except professional groups and farmers, Federal employees not covered under the civil service retirement program, and Americans employed outside the United States by American employers. Puerto Rico and the Virgin Islands were added to the geographic area included. Employees of state and local governments not having a retirement system and employees of non-profit institutions could be covered on a voluntary basis. Railroad employment lasting less than 10 years was transferred from the Railroad Retirement system to the Social Security program.

In 1955, compulsory coverage was extended to self-employed farm operators and to some professional self-employed. Coverage on a voluntary group basis was permitted to state and local government employees who were under their own retirement systems, and individually to ministers. In 1956, coverage was extended to members of the uniformed services, and to all previously excluded self-employed except doctors of medicine. Wages of $160 monthly are credited gratuitiously for military service during World War II and afterwards to the end of 1956, if such credits are requested upon application for benefits and are not utilized under another retirement system.

In 1961 coverage was extended to workers in Guam and American Samoa, American citizens employed in the United States by a foreign government (who pay self-employment tax since their employers are not subject to the Act), persons employed in a business by their sons or daughters, and a few other small groups.

At present the system covers nearly all wage earners except those covered under Federal Civil Service, certain state and local government systems, and the Railroad Retirement system. Railroad employees who remain in railroad service for less than 10 years, however, are covered directly by the social security program. Virtually all self-employed persons except doctors of medicine are covered.

Wages and Self-Employment Income. Wages and self-employment income used in computing benefits are limited to earnings in employment covered under the program in the year in which they were paid. It should be noted that self-employment earnings and agricultural wages are excluded before 1951. No earnings may be credited for any year in excess of the maximum established for that year, as follows:

Years	Maximum Creditable Earnings
1937 - 1950	$3,000*
1951 - 1954	3,600
1955 - 1958	4,200
After 1958	4,800

* In 1937-39, in cases of multiple employment, $3,000 per year can be credited in respect to each employer.

Quarter of Coverage. To determine eligibility for benefits, it is necessary to ascertain the quarters of coverage; that is, the calendar quarters (ending March 31, June 30, September 30, and December 31) in which the worker received either $50 in wages, with 4 quarters credited if wages for a calendar year equal or exceed the maximum established for that year; or 4 quarters for each year in which he received at least $400 in self-employment income. The farm laborer must either be paid $150 or work at least 20 days and be paid on a time-rated (not piece-work) basis by one employer for his earnings to be credited. He counts 1 quarter of coverage for each $100 of such earnings during a calendar year, with 4 quarters counted for earnings of $400 or more.

A quarter of coverage is counted regardless of the year in which it was acquired; it may be before the worker was 21 years of age or after he reached age 65. No quarter following the quarter of death may be counted, even though the worker was credited with maximum earnings in the year of death. Only the initial and last quarters of an established period of disability may be counted.

A person <u>becomes entitled</u> to benefits when he has fulfilled the conditions for eligibility for benefits and, in addition, has filed application. Entitlement does not necessarily mean that benefits are being paid, since payments are suspended for certain reasons, such as earnings in excess of amounts permitted by the "retirement test."

<u>Disability</u>. Disability means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which is of long-continued and indefinite duration or is likely to result in death.

<u>Period of Disability</u>. A "period of disability" is a continuous period of at least six full calendar months during which the worker is under a disability as defined above. Blindness is also qualifying for purposes of determining a period of disability, though not necessarily for purposes of determining eligibility for disability benefits.

A period of disability can begin only if the worker files an application for a disability determination while he is under the disability. It begins on the date of onset of disability provided that on that day the worker is disability insured; or, if later, it begins on the first day he is both disabled and disability insured. However, the period cannot begin more than 18 months before the date of application, except for persons who are disabled before July, 1960, and who apply for disability determination before July, 1961, to whom the 18-month limitation does not apply. The first date on which application could be filed was January 1, 1955. The earliest date on which a period of disability can begin is October 1, 1941, the first date on which it was possible to be disability insured. The period of disability ends with the last day of the month in which either the disability ceases or the individual attains age 65. Thus a worker who suffers a disability lasting more than 6 months may utilize the "disability freeze" to protect his insured status, since he may omit each quarter any part of which was included in a period of disability in computing his required quarters of coverage.

In determining eligibility for benefits, when the worker's quarters of coverage have been counted he must ascertain his "insured status;" that is, whether he is fully insured, disability insured, or currently insured.

<u>Fully Insured</u>. A worker is fully insured if he has 40 quarters of coverage. If he has less then 40 quarters of coverage he is nonetheless fully insured if he has 1 quarter of coverage for each 3 quarters elapsed after 1950 or after the year in which he attained age 21, if later, and before the year of death or attainment of retirement age, provided he has a minimum of 6 quarters of coverage. This rule is to determine the number of quarters required only, and does <u>not</u> mean that the coverage must be acquired before retirement

age or after 1950. If the number of elapsed quarters is not a multiple of 3, it is reduced to the next lower multiple of 3. A quarter any part of which was included in a period of disability is not counted as an elapsed quarter unless it was counted as a quarter of coverage.

Disability Insured. A disabled worker is insured if he would have been fully insured as provided above had he attained retirement age on the date of disability, and in addition has 20 quarters of coverage earned during the 40-quarter period ending with the quarter in which his disability began, excluding from the 40-quarter period any quarter included in a prior period of disability except quarters of coverage.

A worker who does not meet this requirement is nonetheless disability insured if he has at least 20 quarters of coverage that must include all quarters from the end of 1950 to the quarter in which his period of disability began, with a minimum of 6 quarters earned after 1950. This alternative affects only persons whose disability began before 1956, who had earned at least 1 quarter of coverage before 1946, and who thus have at least 20 quarters of coverage but fail to meet the "20 out of 40" requirement. Such a period of disability cannot begin before the second quarter of 1952, since 6 quarters must have been earned after 1950.

Currently Insured. A worker is currently insured if he has 6 quarters of coverage earned during the 13-quarter period ending with the quarter in which he died or became entitled to old-age or disability benefits. Excluded from this 13-quarter period is any quarter included in a period of disability, unless it is a quarter of coverage.

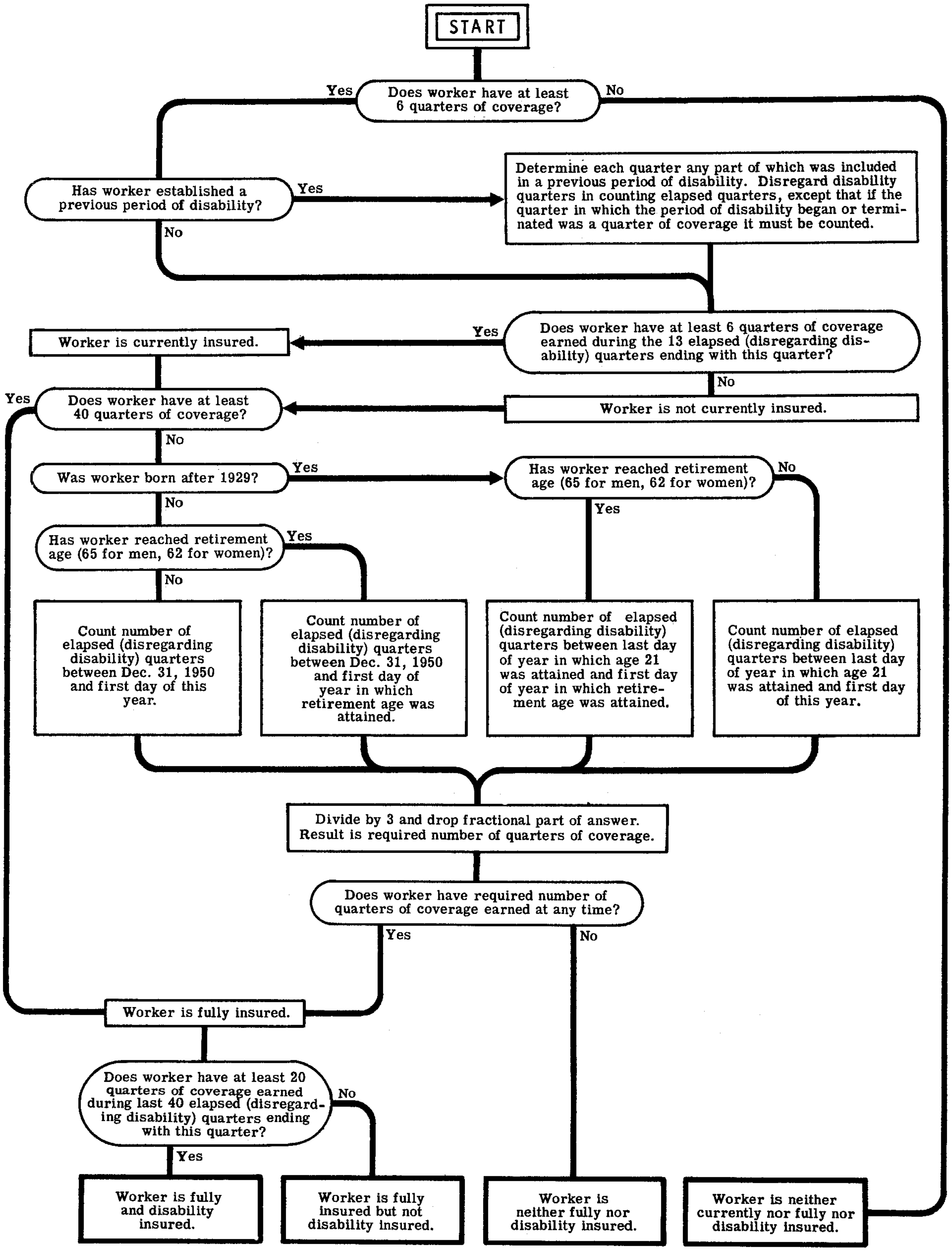
It is usual to employ "fully insured" and "currently insured" in the sense of meaning "would be fully (or currently) insured if he died or attained retirement age (65 for men and 62 for women) on this date." That convention is followed in this Study.

The complete insured status of a worker at a given time may be determined from Chart 1, which breaks up the procedure for determination of insured status into a series of simple "yes" or "no" questions and individual instructions for counting quarters. Starting at the top of the chart, if the answer to the first question is "yes," proceed along the line marked "yes" to the next question, and continue in this manner until one of the four final answers at the bottom of the chart is reached. Currently insured status appears as an intermediate step. To be eligible for benefits for himself and his dependents, the retired worker must be fully insured, the disabled worker disability insured. In addition, the retired worker must have reached retirement age (65 for men and 62 for women). Benefits for survivors require fully or currently insured status or both.

Average Monthly Wage. All benefit payments are based on the worker's primary insurance amount, which is in turn determined by his average monthly wage. The first step is determination of the number of benefit computation years, which is the number of years elapsed after

CHART 1.

METHOD FOR DETERMINATION OF INSURED STATUS



Note: To determine insured status of deceased worker, substitute "quarter (or year) of death" for "this quarter (or year)" throughout chart.

1955 or, if later, the year in which the worker reached age 26, and before the first year after 1960 in which the worker was both fully insured and had attained retirement age. If any part of a year was included in a period of disability, that year is not counted as a benefit computation year.

The worker's average monthly wage is the total of his wages and self-employment income for a number of years equal to the number of benefit computation years, divided by the number of months in the benefit computation years. The years of highest earnings after 1950 may be selected, including years before attainment of age 22 or after attainment of retirement age. If all of a year was included in a period of disability, that year may not be used as a benefit computation year. In all cases, a minimum of 2 benefit computation years must be used (but for current retirement cases the minimum is 5 years, and it will increase in the future).

This method of computation which disregards years before 1951, referred to as the "new start" method, may be used only by workers who have at least 6 quarters of coverage acquired after 1950. The worker who has less than 6 quarters of coverage after 1950 must use the "modified primary insurance benefit" method, which may also be used by the worker who was at least age 21 in 1950 and who has at least 1 quarter of coverage before 1951. The same procedure is used, except that the number of benefit computation years is based on the years elapsed after 1941, or, if later, the year in which the worker attained age 26. Where a worker may use either method, that is, if he was at least age 21 in 1950 and has earned at least 1 quarter of coverage before 1951 and at least 6 after 1950, average monthly wage is computed by both methods, and the one producing the higher primary insurance amount is selected.

The average monthly wage computed under either method is rounded to the nearest cent and then reduced to the next lower exact multiple of $1. Examples of such reduction are:

$$\begin{array}{ccccc} \$100.9949 & \rightarrow & \$100.99 & \rightarrow & \$100 \\ 100.9950 & & 101.00 & & 101 \end{array}$$

The method of computing average monthly wage before the 1960 Amendments is contained in Part IV. The change has been referred to as a "technical" amendment, designed to simplify administration; actually, it does much more. In the first place, it eliminates an inequitable situation whereby an informed person, by applying at exactly the right time, can avail himself of the highest possible average monthly wage based on his earnings record, while another worker with exactly the same earnings but a different date of application would have a lower average monthly wage. Second, and more important, it provides more of an incentive for the worker past the minimum retirement age to continue his employment, since his average monthly wage will be increased for each year that his creditable earnings exceed those of years before he reached retirement age. While this might also occur under previous law, the effect was limited because the number of months in the divisor was increased at the same time that total earnings were increased.

Primary Insurance Amount. The primary insurance amount is determined from a conversion table included in the Act as amended in 1958, reproduced in Table 1. Previously, the law contained a formula for determining the primary amount. At a glance it might appear that a different principle from that prevailing in previous amendments had been adopted. What the 1958 legislation did was to increase the benefits, generally by 7 percent. This adjustment, in effect, resulted in the computation of primary insurance amount based on the following formula: 58.85% of the first $110 of average monthly wage, plus 21.4% of the remainder up to $290. The figures in Table 1 were derived by applying this formula to every possible average monthly wage, rounding the result to the nearest dollar for facility of administration, and grouping the range of average monthly wages that produces each dollar of primary insurance amount. The primary insurance amounts shown in the table for average monthly wages of less than $85 are in some cases higher than the amount produced by the formula; this was done to reflect a 10% increase in the minimum benefit and to achieve smoothly graded increases in benefit amounts immediately above the minimum.

The incorporation of the table simplifies computation and eliminates many problems of rounding. To use it, simply find the average monthly wage computed by the "new start" method (column 1). Primary insurance amount is the corresponding figure in column 4.

It is interesting to note that the maximum primary insurance amount of $127 is not available at once, except under unusual circumstances, since maximum credited earnings of $4,800 per year cannot be obtained before 1959; earnings at this level ordinarily would not be fully reflected in career average earnings for some years. However, for the earliest possible exceptional case, consider a man who reached age 21 in 1953 and worked until his death in 1960, earning at least $4,800 in both 1959 and 1960. The elapsed years are 1959 and 1960, a total of 2 benefit computation years, with total wages of $9,600 divided by 24 months, for an average monthly wage of $400, with a corresponding primary insurance amount of $127 on which his family's monthly payment is based. His widow and two children would receive $254.10 per month. The ten cents in excess of the maximum results from the method of rounding individual benefits.

A similar situation might arise in the case of a person reaching retirement age in 1961, if he had established a disability freeze effective during any 3 years in the period 1951-58. His number of benefit computation years would also be 2, since he would not count the 3 years of the disability freeze.

In cases not involving a period of disability, the maximum old-age benefit of $127 can first be received in 1963, for a worker who was at least the minimum retirement age in 1960, and who had at least $4,800 in creditable earnings for each of the years 1959-63. His number of benefit computation years is 5 (the elapsed years

Table 1

CONVERSION TABLE IN 1958 AMENDMENTS

For Applicable Amount Below			The 1958 Act Provides	
Average Monthly Wage Using "New Start" Method (1)	Primary Insurance Benefit Using "Modified PIB" Method (2)	Primary Insurance Amount Computed under 1954 Act (3)	Primary Insurance Amount (4)	Maximum Family Benefit (5)
$54 or less	$10.00 or less	$30.00 or less	$33	$53.00
55 - $56	10.01 - $10.48	30.10 - $31.00	34	54.00
57 - 58	10.49 - 11.00	31.10 - 32.00	35	55.00
59 - 60	11.01 - 11.48	32.10 - 33.00	36	56.00
61	11.49 - 12.00	33.10 - 34.00	37	57.00
62 - 63	12.01 - 12.48	34.10 - 35.00	38	58.00
64 - 65	12.49 - 13.00	35.10 - 36.00	39	59.00
66 - 67	13.01 - 13.48	36.10 - 37.00	40	60.00
68 - 69	13.49 - 14.00	37.10 - 38.00	41	61.50
70	14.01 - 14.48	38.10 - 39.00	42	63.00
71 - 72	14.49 - 15.00	39.10 - 40.00	43	64.50
73 - 74	15.01 - 15.60	40.10 - 41.00	44	66.00
75 - 76	15.61 - 16.20	41.10 - 42.00	45	67.50
77 - 78	16.21 - 16.84	42.10 - 43.00	46	69.00
79 - 80	16.85 - 17.60	43.10 - 44.00	47	70.50
81	17.61 - 18.40	44.10 - 45.00	48	72.00
82 - 83	18.41 - 19.24	45.10 - 46.00	49	73.50
84 - 85	19.25 - 20.00	46.10 - 47.00	50	75.00
86 - 87	20.01 - 20.64	47.10 - 48.00	51	76.50
88 - 89	20.65 - 21.28	48.10 - 49.00	52	78.00
90	21.29 - 21.88	49.10 - 50.00	53	79.50
91 - 92	21.89 - 22.28	50.10 - 50.90	54	81.00
93 - 94	22.29 - 22.68	51.00 - 51.80	55	82.50
95 - 96	22.69 - 23.08	51.90 - 52.80	56	84.00
97	23.09 - 23.44	52.90 - 53.70	57	85.50
98 - 99	23.45 - 23.76	53.80 - 54.60	58	87.00
100 - 101	23.77 - 24.20	54.70 - 55.60	59	88.50
102	24.21 - 24.60	55.70 - 56.50	60	90.00
103 - 104	24.61 - 25.00	56.60 - 57.40	61	91.50
105 - 106	25.01 - 25.48	57.50 - 58.40	62	93.00
107	25.49 - 25.92	58.50 - 59.30	63	94.50
108 - 109	25.93 - 26.40	59.40 - 60.20	64	96.00
110 - 113	26.41 - 26.94	60.30 - 61.20	65	97.50
114 - 118	26.95 - 27.46	61.30 - 62.10	66	99.00
119 - 122	27.47 - 28.00	62.20 - 63.00	67	100.50
123 - 127	28.01 - 28.68	63.10 - 64.00	68	102.00
128 - 132	28.69 - 29.25	64.10 - 64.90	69	105.60
133 - 136	29.26 - 29.68	65.00 - 65.80	70	108.80
137 - 141	29.69 - 30.36	65.90 - 66.80	71	118.80
142 - 146	30.37 - 30.92	66.90 - 67.70	72	116.80
147 - 150	30.93 - 31.36	67.80 - 68.60	73	120.00
151 - 155	31.37 - 32.00	68.70 - 69.60	74	124.00
156 - 160	32.01 - 32.60	69.70 - 70.50	75	128.00
161 - 164	32.61 - 33.20	70.60 - 71.40	76	131.20
165 - 169	33.21 - 33.88	71.50 - 72.40	77	135.20
170 - 174	33.89 - 34.50	72.50 - 73.30	78	139.20
175 - 178	34.51 - 35.00	73.40 - 74.20	79	142.40
179 - 183	35.01 - 35.80	74.30 - 75.20	80	146.40
184 - 188	35.81 - 36.40	75.30 - 76.10	81	150.40
189 - 193	36.41 - 37.08	76.20 - 77.10	82	154.40

Table 1 (continued)

For Applicable Amount Below			The 1958 Act Provides	
Average Monthly Wage Using "New Start" Method	Primary Insurance Benefit Using "Modified PIB" Method	Primary Insurance Amount Computed under 1954 Act	Primary Insurance Amount	Maximum Family Benefit
(1)	(2)	(3)	(4)	(5)
$194 - $197	$37.09 - $37.60	$77.20 - $78.00	$83	$157.60
198 - 202	37.61 - 38.20	78.10 - 78.90	84	161.60
203 - 207	38.21 - 39.12	79.00 - 79.90	85	165.60
208 - 211	39.13 - 39.68	80.00 - 80.80	86	168.80
212 - 216	39.69 - 40.33	80.90 - 81.70	87	172.80
217 - 221	40.34 - 41.12	81.80 - 82.70	88	176.80
222 - 225	41.13 - 41.76	82.80 - 83.60	89	180.00
226 - 230	41.77 - 42.44	83.70 - 84.50	90	184.00
231 - 235	42.45 - 43.20	84.60 - 85.50	91	188.00
236 - 239	43.21 - 43.76	85.60 - 86.40	92	191.20
240 - 244	43.77 - 44.44	86.50 - 87.30	93	195.20
245 - 249	44.45 - 44.88	87.40 - 88.30	94	199.20
250 - 253	44.89 - 45.60	88.40 - 89.20	95	202.40
254 - 258		89.30 - 90.10	96	206.40
259 - 263		90.20 - 91.10	97	210.40
264 - 267		91.20 - 92.00	98	213.60
268 - 272		92.10 - 92.90	99	217.60
273 - 277		93.00 - 93.90	100	221.60
278 - 281		94.00 94.80	101	224.80
282 - 286		94.90 - 95.80	102	228.80
287 - 291		95.90 - 96.70	103	232.80
292 - 295		96.80 - 97.60	104	236.00
296 - 300		97.70 - 98.60	105	240.00
301 - 305		98.70 - 99.50	106	244.00
306 - 309		99.60 - 100.40	107	247.20
310 - 314		100.50 - 101.40	108	251.20
315 - 319		101.50 - 102.30	109	254.00
320 - 323		102.40 - 103.20	110	254.00
324 - 328		103.30 - 104.20	111	254.00
329 - 333		104.30 - 105.10	112	254.00
334 - 337		105.20 - 106.00	113	254.00
338 - 342		106.10 - 107.00	114	254.00
343 - 347		107.10 - 107.90	115	254.00
348 - 351		108.00 - 108.50	116	254.00
352 - 356			117	254.00
357 - 361			118	254.00
362 - 365			119	254.00
366 - 370			120	254.00
371 - 375			121	254.00
376 - 379			122	254.00
380 - 384			123	254.00
385 - 389			124	254.00
390 - 393			125	254.00
394 - 398			126	254.00
399 - 400			127	254.00

from 1956 to 1960). Accordingly, the years 1959-63 are selected. His average monthly wage is $400, and his primary insurance amount is the maximum of $127. Under previous law, even if his creditable earnings were never less than the maximum, he would have to include all years after 1955, and for retirement in 1964, using the 8 years 1956-63, his average monthly wage would be $381, and his primary insurance amount would be $123. Actual payment of the maximum of $127 could not occur until 1997 in retirement cases where no period of disability existed, since until that year it would be necessary to include years of earnings before 1959 when the maximum creditable was less than $4,800.

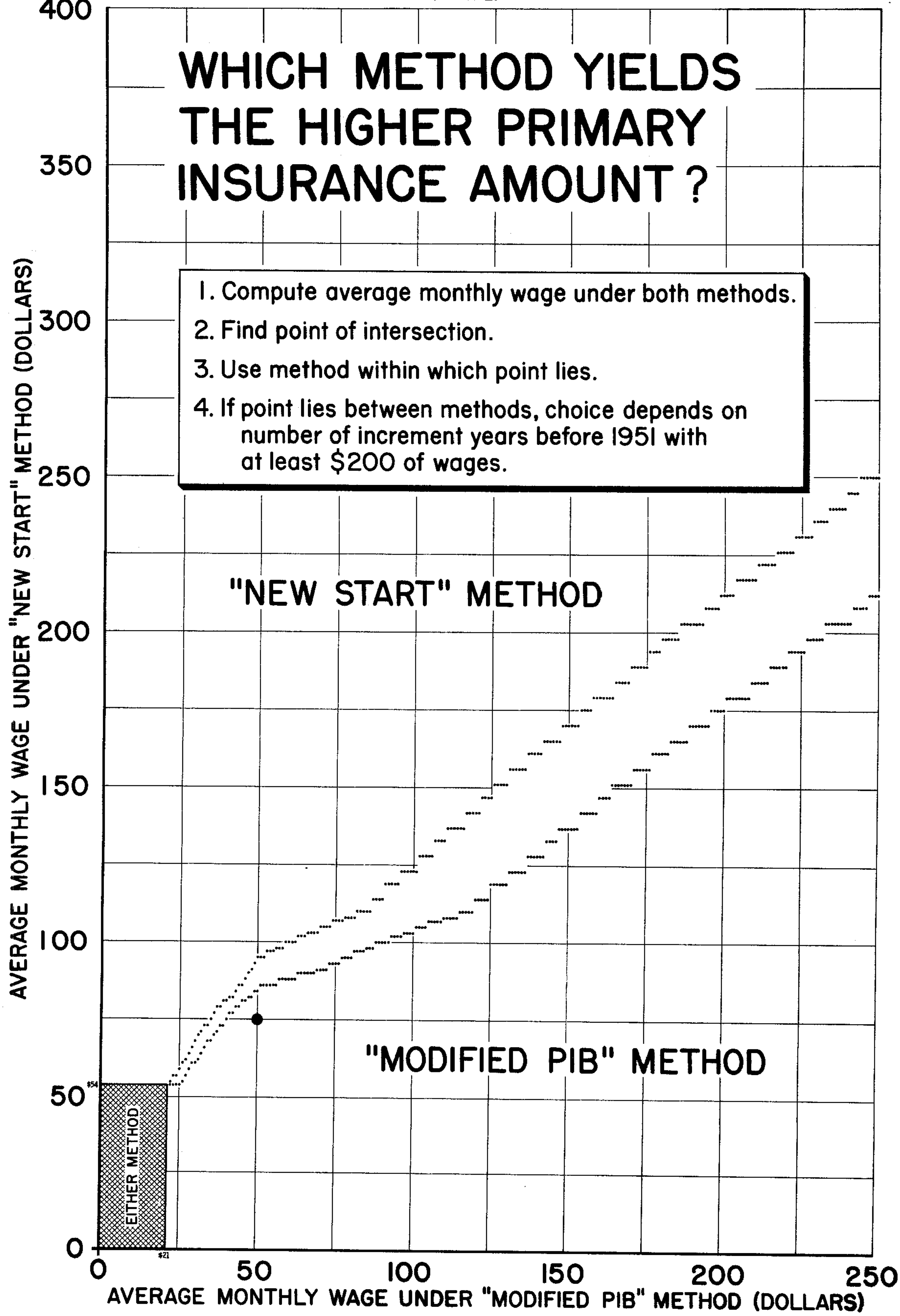
Where average monthly wage is computed by the "modified primary insurance benefit" method, primary insurance benefit is computed as follows: 40% of the first $50 of average monthly wage plus 10% of the next $200, increased by 1% for each calendar year before 1951 in which at least $200 of wages was received. After the computation, find this amount in column 2; the related primary insurance amount is the corresponding figure in column 4. Notice that the benefit (column 2) is not related to the average monthly wage shown in Table 1 (column 1), but must be computed by the formula just given when the "modified primary insurance benefit" method is used.

It will be observed that it is not sufficient where the worker qualifies for both methods simply to compute the average monthly wage under both and select the higher, since a lower average monthly wage and corresponding primary insurance benefit may, after conversion, result in a higher primary insurance amount than that produced by the higher average monthly wage derived under the "new start" method. Chart 2 illustrates this fact. For example, a "new start" average monthly wage of $75 produces a primary insurance amount of $45, while a converted "modified primary insurance benefit" average monthly wage of only $50 produces a primary insurance benefit of $20.00 and a related primary insurance amount of $50, or $5 more than under the "new start" method, even though "increment years" (years between 1936 and 1951 in which at least $200 of wages was earned) are disregarded. This example is plotted as a dot on Chart 2.

For persons already on beneficiary rolls when the 1958 Amendments became effective (entitled to benefits before 1959), find the primary insurance amount which was in effect under the 1954 Act in Table 1 (column 3). The adjusted primary insurance amount is the corresponding figure in column 4.

After the worker's primary insurance amount has been determined, the next step is to determine the benefits which will be paid to him and his family, or to his survivors.

CHART 2.


WHICH METHOD YIELDS THE HIGHER PRIMARY INSURANCE AMOUNT?
1. Compute average monthly wage under both methods.
2. Find point of intersection.
3. Use method within which point lies.
4. If point lies between methods, choice depends on number of increment years before 1951 with at least $200 of wages.
"NEW START" METHOD
"MODIFIED PIB" METHOD
EITHER METHOD
$54
$21
AVERAGE MONTHLY WAGE UNDER "NEW START" METHOD (DOLLARS)
AVERAGE MONTHLY WAGE UNDER "MODIFIED PIB" METHOD (DOLLARS)
0
50
100
150
200
250
300
350
400

Types of Benefits. Discussion of the kinds of benefits may be simplified by separating them into three classes: (1) primary benefits payable to an insured worker himself, and based on the primary insurance amount computed from his earnings record; (2) secondary benefits available to eligible dependents of a primary beneficiary, based on his primary insurance amount; and (3) secondary benefits available to eligible survivors of an insured individual, based on the primary insurance amount computed from the earnings record of the deceased. The first two, often termed life benefits, are available only while the individual upon whose primary insurance amount they are based is himself entitled to a primary benefit. The third type, so-called death benefits, is available upon his death to the survivors of an insured worker as well as to the surviving dependents of an entitled primary beneficiary. Each such benefit is available provided certain conditions are met as to insured status of the worker, age and current earnings of the recipient, and in the case of secondary benefits further qualifications concerning marital status and dependency upon the insured worker.

Table 2 itemizes the types of benefits and lists the fraction of the primary insurance amount which is the basic monthly payment for each. The monthly payments so computed for each beneficiary are reduced if the family would otherwise receive more than the applicable maximum family benefit (Table 1, column 5). Where there is only one beneficiary in the family, the minimum monthly payment is $33, except for a woman worker who elects to retire before age 65, in which case the minimum is $26.40. Women workers and wives not having care of an entitled child may elect to receive benefits upon attainment of age 62; the amount of their monthly benefit is less than the amount they would have received if they had deferred their claim until the month of attainment of age 65. However, wives having care of entitled children receive full benefits regardless of age.

There are two primary benefits, each providing a monthly payment equal to the computed primary insurance amount:

> An old-age benefit, the only monthly benefit provided under the program as originally enacted and that representing the largest number of beneficiaries, is payable upon application to a fully-insured worker who retires at age 65 and after. A fully-insured woman may retire between the ages of 62 and 65 by electing to accept a reduced benefit for life. The benefit is terminated only by death, but may be withheld if the beneficiary returns to substantial gainful employment.
>
> The disability benefit, first provided in the 1956 Amendments, is payable upon application to a totally and permanently disabled worker under age 65, provided he is disability insured,

Table 2

BENEFIT PAYABLE AS FRACTION OF PRIMARY INSURANCE AMOUNT

Life Benefits	
Old-Age	1
Disability	1
Wife	$\frac{1}{2}$
Child	$\frac{1}{2}$
Husband	$\frac{1}{2}$
Death Benefits	
Widow	$\frac{3}{4}$
Each Child	$\frac{3}{4}$
Widower	$\frac{3}{4}$
Mother of Entitled Child	$\frac{3}{4}$
Parent	$\frac{3}{4}$
Lump-Sum	3

Minimum per family \$33, maximum \$254.
Maximum lump-sum death payment \$255.

after a six-month waiting period. No waiting period may begin before January 1, 1957, and thus no benefit is payable for any month before July 1957. The benefit is terminated by death, recovery, or attainment of age 65 and consequent entitlement to old-age benefits. It may be withheld for refusal to accept vocational rehabilitation. In case of return to gainful employment, the benefit may be continued for 9 months, and in any case is payable for the month of recovery and 2 months thereafter.

Secondary life benefits providing a monthly payment equal to half the primary insurance amount are available upon application to members of the family (wife, husband, or child) of a primary beneficiary. Such benefits are terminated if the recipient dies or ceases to fulfill the conditions for eligibility, or if the primary benefit is terminated; they may be withheld if the recipient engages in substantial gainful employment or the primary beneficiary engages in substantial gainful employment. Eligible dependents are:

The <u>wife</u>, upon attainment of age 65, provided either the marriage has existed for at least 1 year or there is a child of the marriage. Between the ages of 62 and 65, the wife may elect to receive this benefit in reduced amount. She is eligible for the full benefit regardless of her age if she has care of an entitled child beneficiary.

An unmarried dependent <u>child</u>, provided the child is under age 18 or is under a disability which began before attainment of age 18. The child is always deemed dependent upon the father, and is considered to be dependent upon the mother if he is living in her household and she was currently insured at the time of her entitlement or prior disability.

The <u>husband</u>, upon attainment of age 65, provided (1) the marriage has existed for at least 1 year or there is a child, and (2) he was receiving at least half his support from his wife at the time of her entitlement or prior disability, and she was currently insured at that time.

Death benefits are available upon application to designated survivors of a worker who fulfilled certain requirements as to insured status or who was receiving old-age or disability benefits and thus was fully insured at the time of his death; they are also available to the recipients of dependents' benefits immediately upon the death of the primary beneficiary. The monthly payment for each beneficiary is equal to $\frac{3}{4}$ of the primary insurance amount computed for the deceased. Such benefits terminate if the recipient dies or ceases to fulfill the conditions for eligibility and may be withheld if the recipient engages in substantial gainful employment. Eligible survivors are:

The unremarried widow of a fully-insured man, upon attainment of age 62, provided the marriage existed for at least 1 year before his death or there is a child of the marriage.

The unremarried widower of a fully-insured woman, upon attainment of age 65, provided (1) the marriage existed for at least 1 year at the time of her death or there is a child of the marriage, and (2) he was receiving at least half his support from his wife at the time of her death, entitlement to old-age or disability benefits, or prior disability, and she was currently insured at that time.

An unmarried dependent child of a fully or currently insured worker, provided the child is under age 18 or is under a disability which began before attainment of age 18. The requirement of dependency is the same as for the life benefit.

The unremarried mother of a child entitled to a surviving child's benefit on account of a fully or currently insured worker. This benefit may be paid to the deceased's widow, regardless of her age, or to a former wife divorced if he was providing half her support at the time of his death, entitlement to old-age or disability benefits, or prior disability.

The unremarried parent of the fully-insured worker upon attainment of retirement age (65 for the father, 62 for the mother), if the parent was receiving half his support from the worker at the time of death, entitlement to old-age or disability benefits, or prior disability.

A lump-sum payment is made upon his death to the widow or widower of a fully or currently insured worker. If there is no surviving spouse, payment may be made either to a responsible person as reimbursement for payment of burial expenses or directly to a funeral home. The lump-sum payment is 3 times the primary insurance amount, but not more than $255.

Chart 3 summarizes the insured or entitled status of the worker required for each type of benefit. It should be noted that a primary beneficiary is required to be fully insured; his dependents entitled to life benefits are entitled to the corresponding death benefits immediately upon his death without the necessity of filing an application. The wife's benefit is automatically changed to a widow's benefit if she is at least age 62, or to a mother's benefit is she is under age 62 and has the care of an entitled child. The child's benefit continues in an increased amount, and the husband's benefit is changed to a widower's benefit.

Chart 3

STATUS OF WAGE EARNER REQUIRED
FOR BENEFITS IN VARIOUS BENEFIT CATEGORIES

Benefit	Fully Insured	Currently Insured	Fully or Currently Insured	Entitled to Old-Age or Disability Benefits
		Life benefits		
Old-age	xxx			
Disability	xxx a/			
Wife	xxx			xxx
Child	xxx			xxx
Husband	xxx	xxx		xxx
		Death benefits		
Widow	xxx			
Child			xxx	
Widower	xxx	xxx		
Mother of entitled child			xxx	
Parent	xxx			
Lump-sum			xxx	

a/ Disability insured status also required.

There is an exception to the statement that secondary benefits terminate if the recipient ceases to fulfill the conditions required for initial eligibility for the benefit. Certain marriages between secondary beneficiaries do not result in termination of benefits, while a secondary beneficiary who marries a primary beneficiary may receive a dependent's benefit without delay or proof of dependency. Chart 4 depicts the effect of such marriages upon eligibility for benefits. It should be noted that marriage of a child under age 18 does terminate that benefit. However, a person receiving benefits on the account of a deceased insured worker as his widow, mother of an entitled child beneficiary, widower, parent, or disabled child aged 18 or over, may marry another beneficiary in one of those categories and continue to receive benefits as if the marriage had not taken place. Further, mother's benefits are not terminated by marriage to an old-age or disability beneficiary. Marriage is also eliminated as a cause of termination of benefits to a disabled child age 18 or over when he marries an old-age or disability beneficiary. Other secondary beneficiaries who marry a primary beneficiary become eligible for dependents' benefits based on the primary insurance amount of their spouse, with no waiting period nor proof of dependency required. However, eligibility for the previous benefit ceases even if it is larger than the dependent's benefit. The "disabled child" remains eligible for that benefit and also, if he has attained retirement age, becomes eligible without delay for a wife's or husband's benefit. However, if a woman secondary beneficiary marries a man receiving either a disability benefit or benefit as a disabled child age 18 or over, her benefit (survivor or dependent) is terminated if her husband's entitlement is terminated for reason other than death or entitlement to old-age benefits; for example, if he recovers from his disability.

Simultaneous Entitlement. It is evident that a beneficiary may be entitled to an old-age or disability benefit based on his own wage record and also to one or more benefits as dependent of an entitled primary beneficiary or as survivor of an insured worker. In such cases he always receives the old-age or disability benefit and, if the secondary benefit is larger than the primary, a supplemental secondary benefit consisting of the excess of the secondary over the primary; the monthly payment includes both in one check. This procedure prevents loss of the primary benefit if the secondary benefit is terminated or withheld. For example, an old-age beneficiary who is also receiving a wife's benefit does not lose the amount of her primary benefit if the wife's benefit is withheld because her husband returns to his job. However, a beneficiary entitled to more than one secondary benefit receives only the highest of such benefits.

In the case of a child entitled to benefits based on the earnings record of more than one worker, the benefit is that based on the highest primary insurance amount. For example, consider the case of a woman twice widowed who has the care of 1 child by

Chart 4

EFFECT OF MARRIAGE UPON ENTITLEMENT OF SECONDARY BENEFICIARY

Secondary Beneficiary	Marriage to Primary Beneficiary: Old-Age	Marriage to Primary Beneficiary: Disability	Marriage to Secondary Beneficiary: Widow or Widower	Marriage to Secondary Beneficiary: Mother	Marriage to Secondary Beneficiary: Parent	Marriage to Secondary Beneficiary: Disabled Child
Widow or Widower	N	N	P	P	P	P**
Mother of Entitled Child	P	P*	P	-	P	P**
Parent	N	N	P	P	P	P**
Disabled Child	D	D*	P	P	P	P**

N - New entitlement: secondary beneficiary named at left is immediately eligible for dependent's benefits based on the earnings record of the new spouse. Entitlement to previous benefit terminates, even though it may be a larger amount.

P - Previous entitlement: secondary beneficiary named at left retains entitlement after marriage.

D - Dual entitlement: secondary beneficiary named at left retains entitlement after marriage and, in addition, is immediately eligible for dependent's benefits, if retirement age has been attained. The benefit actually received is the larger of the two.

* If the secondary beneficiary named at left is a woman, her entitlement terminates if her husband's benefit is terminated by recovery.

** If the secondary beneficiary named at left is a woman, her entitlement terminates if her husband's benefit is terminated other than by death.

her first husband and 2 children by her second husband. The oldest child (because of adoption by the second husband or because the relationship of stepfather existed for at least 1 year) is eligible for benefits based on the earning records of both men, but will receive such benefits computed from the higher primary insurance amount. If the first husband's primary insurance amount is the higher, it will determine the amount of that child's benefit, while the remainder of the family receives benefits based on the second husband's primary insurance amount and subject to the corresponding maximum family benefit. If the second husband's primary insurance amount is the higher, however, it will be the basis of benefits to all 4 survivors, subject to a maximum family benefit equal to the lesser of (a) the sum of the two maximum family benefits and (b) $254.

<u>Retirement Test</u>. Because benefits are intended to be protection against loss of earnings, they are reduced when the beneficiary has substantial earnings in the form of wages or self-employment income. The earnings test is called a "retirement test" even though it applies to young survivors, and does not apply to any beneficiary after he has attained age 72. A beneficiary under age 72 may work and receive full benefits provided his earnings do not exceed $1200 per year. For each $2 of earnings between $1200 and $1500, $1 of benefits is withheld; for each $1 of earnings over $1500, $1 of benefits is withheld. However, the payment is not withheld for any month in which wages were $100 or less and there was no substantial self-employment.

The test is applied separately to each adult beneficiary under age 72 except recipients of disability benefits and children disabled before age 18, who by definition are unable to engage in substantial gainful activity. In the case of a primary beneficiary, the amount is withheld from the total family benefits based on his earnings record. If a secondary beneficiary also has excess earnings, they are charged against his individual benefit.

During the year of attainment of age 72, the amount withheld for months before attaining age 72 is based upon total earnings during the year. For example, if a beneficiary whose 72nd birthday occurred in April had wages of $200 in every month except February, his total earnings in the year are $2200. The maximum amount that could be withheld from his benefits by the annual test is $150 for the first $1500 of earnings, and all the remaining $700, or a total of $850. He does not receive any benefits for January and March, but receives the benefits for February (since his wages did not exceed $100 and he was not self-employed) and for April, in which he was 72, and all succeeding months.

Before the 1960 Amendments, 1 month's benefit was withheld for each $80 or fraction thereof in excess of $1200 of earnings; in the case of an old-age beneficiary all benefits based on his earnings record were withheld. This led to an inequitable situation whereby a family might lose as much as $254 (the maximum monthly family benefit) because of a few cents of wages in excess of $1200. As a result of the change, earnings plus benefits actually payable must always exceed the amount of the benefits which would be payable if there had been earnings of $1200 (or less).

Maximum Family Benefit. The benefit for each entitled beneficiary in the family is computed separately to the nearest cent, raising ½ cent or more to the next higher cent. The individual benefit is then rounded to the next higher multiple of 10 cents. The family benefit is the sum of the individual benefits. However, if the total family benefit exceeds the amount shown in Table 1 (column 5), the payment for each secondary beneficiary must be reduced. The total reduction is divided equally. The maximum is determined as shown below, with slight discrepancies because each line of the conversion table covers a range of from $1 to $5 of average monthly wage:

Average Monthly Wage	Primary Insurance Amount	Maximum Family Benefit
$67 and under	$33 to $40	Primary insurance amount plus $20
$68 to $127	$41 to $68	150% of Primary insurance amount
$128 to $314	$69 to $108	80% of Average monthly wage
$315 to $400	$109 to $127	$254

In the case of an entitled worker and his dependents, no reduction is made in the benefit payment for the worker, but only in that for his dependents. For example, suppose the primary insurance amount of a worker with a wife and 2 children is $100. His benefit is $100 and that for his wife and children $50 each, a total for the family of $250, while the maximum shown in Table 1 is $221.60. The worker's benefit is not to be reduced; therefore the wife and children can receive only $121.60. Each would receive ⅓ of $121.60, or $40.53, which is rounded to $40.60, the next higher multiple of 10 cents, and the family benefit is $221.80, or 20 cents more than the maximum. The family is thus assured of receiving at least the maximum amount. If the individual benefits were "rounded down" to the nearest 10 cents, the wife and children would each receive $40.50 for a total family payment of $121.50, 10 cents less than the maximum. To insure that no reduction necessitated by the family maximum reduces a family benefit to less than the maximum, any fraction of a cent is raised to the next higher cent, and the resulting benefit is rounded to the next higher multiple of 10 cents. Thus a computed amount of $10.001 becomes $10.01 and the benefit paid is $10.10 instead of exactly $10.00 Note that this rule differs from that used for an individual benefit not affected by the family maximum, in which case the benefit is computed to the nearest cent with ½ cent or more raised to the next higher cent.

Table 3 shows the payment made to a retired or disabled worker and his family, or to the survivors of an insured worker, for every average monthly wage computed by the "new start" method (column 1) and the related primary insurance amount (column 2). It must be emphasized that the benefits are paid only if the beneficiaries are entitled, meeting the conditions of age, dependency and the retirement test. Retired women workers and wives electing benefits between ages 62 and 65 receive reduced amounts; such actuarial reduction is not considered in Table 3.

The amount received by a worker with no dependents (column 2) is also the primary insurance amount on which family benefits are based. Columns 3 to 5 show the payment made to a family consisting of the worker and 1, 2, or 3 dependents, the wife or husband and children. Columns 6 to 9 show the total family payments to survivors. Larger families receive about the same amount as that received by a family of four (column 9), although the payment may differ slightly because each individual benefit is computed separately and raised to the next higher multiple of 10 cents.

Table 3

TOTAL FAMILY PAYMENTS FOR OLD-AGE OR DISABILITY BENEFICIARIES AND THEIR DEPENDENTS, AND FOR ENTITLED SURVIVORS OF INSURED WORKERS

Average Monthly Wage (After 1950)	Life Benefits				Death Benefits				Maximum Family Benefit
	Retired Worker Alone	Retired Worker and Dependents			Entitled Survivors				
		One	Two	Three	One	Two	Three	Four	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
$0-$54	$33.00	$49.50	$53.00	$53.10	$33.00	$49.60	$53.10	$53.20	$53.00
55- 56	34.00	51.00	54.00	54.10	33.00	51.00	54.00	54.00	54.00
57- 58	35.00	52.50	55.00	55.10	33.00	52.60	55.20	55.20	55.00
59- 60	36.00	54.00	56.00	56.10	33.00	54.00	56.10	56.00	56.00
61	37.00	55.50	57.00	57.10	33.00	55.60	57.00	57.20	57.00
62- 63	38.00	57.00	58.00	58.10	33.00	57.00	58.20	58.00	58.00
64- 65	39.00	58.50	59.00	59.10	33.00	58.60	59.10	59.20	59.00
66- 67	40.00	60.00	60.00	60.10	33.00	60.00	60.00	60.00	60.00
68- 69	41.00	61.50	61.60	61.70	33.00	61.60	61.50	61.60	61.50
70	42.00	63.00	63.00	63.00	33.00	63.00	63.00	63.20	63.00
71- 72	43.00	64.50	64.60	64.60	33.00	64.60	64.50	64.80	64.50
73- 74	44.00	66.00	66.00	66.20	33.00	66.00	66.00	66.00	66.00
75- 76	45.00	67.50	67.60	67.50	33.80	67.60	67.50	67.60	67.50
77- 78	46.00	69.00	69.00	69.10	34.50	69.00	69.00	69.20	69.00
79- 80	47.00	70.50	70.60	70.70	35.30	70.60	70.50	70.80	70.50
81	48.00	72.00	72.00	72.00	36.00	72.00	72.00	72.00	72.00
82- 83	49.00	73.50	73.60	73.60	36.80	73.60	73.50	73.60	73.50
84- 85	50.00	75.00	75.00	75.20	37.50	75.00	75.00	75.20	75.00
86- 87	51.00	76.50	76.60	76.50	38.30	76.60	76.50	76.80	76.50
88- 89	52.00	78.00	78.00	78.10	39.00	78.00	78.00	78.00	78.00
90	53.00	79.50	79.60	79.70	39.80	79.60	79.50	79.60	79.50
91- 92	54.00	81.00	81.00	81.00	40.50	81.00	81.00	81.20	81.00
93- 94	55.00	82.50	82.60	82.60	41.30	82.60	82.50	82.80	82.50
95- 96	56.00	84.00	84.00	84.20	42.00	84.00	84.00	84.00	84.00
97	57.00	85.50	85.60	85.50	42.80	85.60	85.50	85.60	85.50
98- 99	58.00	87.00	87.00	87.10	43.50	87.00	87.00	87.20	87.00
100-101	59.00	88.50	88.60	88.70	44.30	88.60	88.50	88.80	88.50
102	60.00	90.00	90.00	90.00	45.00	90.00	90.00	90.00	90.00
103-104	61.00	91.50	91.60	91.60	45.80	91.60	91.50	91.60	91.50
105-106	62.00	93.00	93.00	93.20	46.50	93.00	93.00	93.20	93.00
107	63.00	94.50	94.60	94.50	47.30	94.60	94.50	94.80	94.50
108-109	64.00	96.00	96.00	96.10	48.00	96.00	96.00	96.00	96.00
110-113	65.00	97.50	97.60	97.70	48.80	97.60	97.50	97.60	97.50
114-118	66.00	99.00	99.00	99.00	49.50	99.00	99.00	99.20	99.00
119-122	67.00	100.50	100.60	100.60	50.30	100.60	100.50	100.80	100.50
123-127	68.00	102.00	102.00	102.20	51.00	102.00	102.00	102.00	102.00
128-132	69.00	103.50	105.60	105.60	51.80	103.60	105.60	105.60	105.60
133-136	70.00	105.00	108.80	109.00	52.50	105.00	108.90	108.80	108.80
137-141	71.00	106.50	112.80	113.00	53.30	106.60	112.80	112.80	112.80
142-146	72.00	108.00	116.80	117.00	54.00	108.00	117.00	116.80	116.80
147-150	73.00	109.50	120.00	120.10	54.80	109.60	120.00	120.00	120.00
151-155	74.00	111.00	124.00	124.10	55.50	111.00	124.20	124.00	124.00
156-160	75.00	112.50	128.00	128.10	56.30	112.60	128.10	128.00	128.00
161-164	76.00	114.00	131.20	131.20	57.00	114.00	131.40	131.20	131.20
165-169	77.00	115.50	135.20	135.20	57.80	115.60	135.30	135.20	135.20

Table 3 (Continued)

Average Monthly Wage (After 1950)	Life Benefits: Retired Worker Alone	Life Benefits: Retired Worker and Dependents: One	Two	Three	Death Benefits: Entitled Survivors: One	Two	Three	Four	Maximum Family Benefit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
$170-174	$78.00	$117.00	$139.20	$139.20	$58.50	$117.00	$139.20	$139.20	$139.20
175-178	79.00	118.50	142.40	142.60	59.30	118.60	142.50	142.40	142.40
179-183	80.00	120.00	146.40	146.60	60.00	120.00	146.40	146.40	146.40
184-188	81.00	121.50	150.40	150.60	60.80	121.60	150.60	150.40	150.40
189-193	82.00	123.00	154.40	154.60	61.50	123.00	154.50	154.40	154.40
194-197	83.00	124.50	157.60	157.70	62.30	124.60	157.80	157.60	157.60
198-202	84.00	126.00	161.60	161.70	63.00	126.00	161.70	161.60	161.60
203-207	85.00	127.50	165.60	165.70	63.80	127.60	165.60	165.60	165.60
208-211	86.00	129.00	168.80	168.80	64.50	129.00	168.90	168.80	168.80
212-216	87.00	130.50	172.80	172.80	65.30	130.60	172.80	172.80	172.80
217-221	88.00	132.00	176.00	176.80	66.00	132.00	177.00	176.80	176.80
222-225	89.00	133.50	178.00	180.20	66.80	133.60	180.00	180.00	180.00
226-230	90.00	135.00	180.00	184.20	67.50	135.00	184.20	184.00	184.00
231-235	91.00	136.50	182.00	188.20	68.30	136.60	188.10	188.00	188.00
236-239	92.00	138.00	184.00	191.30	69.00	138.00	191.40	191.20	191.20
240-244	93.00	139.50	186.00	195.30	69.80	139.60	195.30	195.20	195.20
245-249	94.00	141.00	188.00	199.30	70.50	141.00	199.20	199.20	199.20
250-253	95.00	142.50	190.00	202.40	71.30	142.60	202.50	202.40	202.40
254-258	96.00	144.00	192.00	206.40	72.00	144.00	206.40	206.40	206.40
259-263	97.00	145.50	194.00	210.40	72.80	145.60	210.60	210 40	210.40
264-267	98.00	147.00	196.00	213.80	73.50	147.00	213.60	213.60	213.60
268-272	99.00	148.50	198.00	217.80	74.30	148.60	217.80	217.60	217.60
273-277	100.00	150.00	200.00	221.80	75.00	150.00	221.70	221.60	221.60
278-281	101.00	151.50	202.00	224.90	75.80	151.60	225.00	224.80	224.80
282-286	102.00	153.00	204.00	228.90	76.50	153.00	228.90	228.80	228.80
287-291	103.00	154.50	206.00	232.90	77.30	154.60	231.90	232.80	232.80
292-295	104.00	156.00	208.00	236.00	78.00	156.00	234.00	236.00	236.00
296-300	105.00	157.50	210.00	240.00	78.80	157.60	236.40	240.00	240.00
301-305	106.00	159.00	212.00	244.00	79.50	159.00	238.50	244.00	244.00
306-309	107.00	160.50	214.00	247.40	80.30	160.60	240.90	247.20	247.20
310-314	108.00	162.00	216.00	251.40	81.00	162.00	243.00	251.20	251.20
315-319	109.00	163.50	218.00	254.20	81.80	163.60	245.40	254.00	254.00
320-323	110.00	165.00	220.00	254.00	82.50	165.00	247.50	254.00	254.00
324-328	111.00	166.50	222.00	254.10	83.30	166.60	249.90	254.00	254.00
329-333	112.00	168.00	224.00	254.20	84.00	168.00	252.00	254.00	254.00
334-337	113.00	169.50	226.00	254.00	84.80	169.60	254.10	254.00	254.00
338-342	114.00	171.00	228.00	254.10	85.50	171.00	254.10	254.00	254.00
343-347	115.00	172.50	230.00	254.20	86.30	172.60	254.10	254.00	254.00
348-351	116.00	174.00	232.00	254.00	87.00	174.00	254.10	254.00	254.00
352-356	117.00	175.50	234.00	254.10	87.80	175.60	254.10	254.00	254.00
357-361	118.00	177.00	236.00	254.20	88.50	177.00	254.10	254.00	254.00
362-365	119.00	178.50	238.00	254.00	89.30	178.60	254.10	254.00	254.00
366-370	120.00	180.00	240.00	254.10	90.00	180.00	254.10	254.00	254.00
371-375	121.00	181.50	242.00	254.20	90.80	181.60	254.10	254.00	254.00
376-379	122.00	183.00	244.00	254.00	91.50	183.00	254.10	254.00	254.00
380-384	123.00	184.50	246.00	254.10	92.30	184.60	254.10	254.00	254.00
385-389	124.00	186.00	248.00	254.20	93.00	186.00	254.10	254.00	254.00
390-393	125.00	187.50	250.00	254.00	93.80	187.60	254.10	254.00	254.00
394-398	126.00	189.00	252.00	254.10	94.50	189.00	254.10	254.00	254.00
399-400	127.00	190.50	254.00	254.20	95.30	190.60	254.10	254.00	254.00

III. Actuarial Reduction for Women

The 1956 Amendments provided that the retirement age for women should be reduced from 65 to 62. Women entitled to benefits as widows or dependent mothers of deceased workers now receive full benefits at age 62; wives or widows with child beneficiaries in their care continue to receive full benefits regardless of age. Women who elect to receive a retired worker's or wife's benefit when they are between ages 62 and 65 receive actuarially reduced benefits. Once such election has been made, these two benefits will continue to be paid in a reduced amount after age 65. The reduction is 5/9% of the primary insurance amount for each month before age 65 for which a retired woman worker receives an old-age insurance benefit, and 25/36% of the benefit for each month before age 65 in the case of a wife's benefit.

Basis of Reduction. It may seem unusual that the old-age benefit for the retired woman worker is reduced by 20% if she retires at age 62, while the wife's benefit is reduced by 25%. Since the system may lose 3 years of contributions in the case of the working woman and nothing in the case of the wife, it might appear that the reduction should be greater for the former than for the latter. The opposite is true, however, because the 20% reduction factor for women workers is based on the reduction being continued for the life of the beneficiary, whereas the larger reduction factor for wives is based on the reduction continuing only during the joint lifetime of husband and wife.

It is quite true that the loss of contributions in the case of a woman worker would tend to move the relationship in the other direction. However, many women who are fully insured are no longer in the labor market at age 62 and no loss in contributions occurs. Further, experience indicates that relatively few people retire at age 65 in order to receive old-age benefits, but do so because of employer action or ill-health; that is, few people forego full-time earnings in order to receive benefits. Accordingly, it does not seem necessary to consider the effect of the contributions lost to the system by early retirements. It is also possible that in the case of wife's benefits there could be some loss of contributions to the system because the husband may retire earlier than he would otherwise, as well as a higher cost through payment of old-age benefits for a longer period. However, it does not seem likely that the availability of wife's benefits, expecially reduced ones, has much effect in earlier retirement of married men.

Actuarial Reduction vs. Factors in Law. Compare the rounded reduction factors in the law with precisely computed ones on an actuarial equivalent basis, using the 1937 Standard Annuity Table and a 3% interest rate. For a woman worker, disregarding the effect of any contributions lost to the system, the reduction factors are:

Retirement Age	Factor in Law	Computed Actuarial Factor
62	20.0%	20.0%
63	13.3	14.0
64	6.7	7.4

For retirement ages higher than 62 the law uses linear interpolation and there is not the exact agreement which exists at age 62. Since separate factors must be developed for each month of age between ages 62 and 65, the basis in the law is both reasonable and easier to explain and apply than precisely computed values.

In order to determine an equitable reduction factor considering the effect of contributions of the female worker, some assumptions must be made as to the amount of earnings and the contribution rate applicable. Assume that the woman has a monthly wage of $250 before and after age 62 and that the contribution rate is 8.5%: the computed reduction factor allowing for the effect of contributions lost to the system is then 24.8% contrasted with the 20% factor in the law. As to wife's benefits, considering mortality only, the computed reduction factor for the case of a husband aged 65 and a wife aged 62 is 29.7%, as contrasted with the factor of 25% under the law. In the less typical case of a husband aged 70 with a wife aged 62, the computed reduction factor is 33.3%, and the same 25% applies under the law.

Dual Entitlement. As the role of the married woman in the labor force grows, the number of women eligible for benefits both on their own earnings records and as wives of entitled old-age or disability beneficiaries increases. It should be recalled that the married woman worker not having care of an entitled child is eligible for wife's benefit only if her primary insurance amount is less than half that of her husband. A woman electing to receive either benefit before age 65 ordinarily may not choose to wait to apply for the other so as to avoid its reduction; her application for one constitutes application for the other as well, and may result in entitlement to both before age 65. There is one exception, however; the wife under age 65 with an entitled child beneficiary in her care will not receive old-age benefits unless she specifically so elects. Since the full amount of the wife's benefit is paid for months in which she has an entitled child beneficiary in her care, the woman may choose to defer her old-age benefit so as to avoid its reduction.

As background information, not considering reductions for the moment, note that a woman entitled to both benefits receives a single monthly payment which in dollar amount is equal to the higher of the two; however, the payment always consists of the old-age benefit plus the excess of the wife's benefit over the old-age benefit. If the primary insurance amount is greater than the wife's benefit, the worker is of course entitled only to the old-age benefit. In receiving the old-age benefit plus a supplemental wife's benefit rather than the full amount of the wife's benefit only, she is protected from withholding of all of her payment which might result from the retirement test applied to her husband's earnings or from the termination of his eligibility through his recovery from a disability; instead only the portion representing the wife's benefit is withheld.

The ensuing discussion of determination of reduced benefits is concerned only with two specific classes of beneficiaries: (1) women who become entitled to old-age benefits between ages 62 and 65, and (2) women not having care of an entitled child beneficiary who become entitled to wife's benefits between ages 62 and 65. There is no reduction, of course, if the wife has an entitled child in her care.

Reduced Benefits for Retired Woman Worker. The primary insurance amount is computed in the manner described in Part II. The months are counted from month of entitlement through the month preceding attainment of age 65. Her benefit is her primary insurance amount reduced by 5/9% for each month so counted, rounded to the next higher multiple of 10¢. Table 4 shows the benefits payable to a retired woman worker, for selected primary insurance amounts and months under age 65.

Reduced Benefit for Entitled Wife. The benefit for the wife of an old-age or disability beneficiary is computed by determining her original wife's benefit in the manner described in Part II, that is, one-half of her husband's primary insurance amount. Her benefit is the wife's benefit reduced by 25/36% for each month from month of entitlement through the month preceding attainment of age 65, rounded to the next higher multiple of 10¢. Table 5 shows the benefit payment for the wife of an old-age or disability beneficiary, for selected primary insurance amounts of the husband, corresponding unreduced wife's benefits, and months under age 65 for which benefits will be received.

Reduced Benefits under Dual Entitlement. Specific provision is made for computation of the reduction amounts in the case of women entitled to both old-age and wife's benefits, whether or not the entitlement is simultaneous, where the woman elects to receive benefits before age 65. While the methods of actuarial reduction for women under age 65 are straightforward in the case of an old-age benefit or a wife's benefit, the procedures for reduction in cases of dual entitlement are more complex because separate reduction factors apply for each benefit. For this reason, if the entitlement is simultaneous, it is necessary to distinguish the separation of the total payment between the old-age benefit and the wife's benefit. If dual entitlement

Table 4

OLD-AGE BENEFIT AFTER ACTUARIAL REDUCTION

Primary Insurance Amount	Benefit after Reduction for Number of Months under Age 65					
	6	12	18	24	30	36
$33	$31.90	$30.80	$29.70	$28.60	$27.50	$26.40
34	32.90	31.80	30.60	29.50	28.40	27.20
36	34.80	33.60	32.40	31.20	30.00	28.80
38	36.80	35.50	34.20	33.00	31.70	30.40
40	38.70	37.40	36.00	34.70	33.40	32.00
42	40.60	39.20	37.80	36.40	35.00	33.60
44	42.60	41.10	39.60	38.20	36.70	35.20
46	44.50	43.00	41.40	39.90	38.40	36.80
48	46.40	44.80	43.20	41.60	40.00	38.40
50	48.40	46.70	45.00	43.40	41.70	40.00
52	50.30	48.60	46.80	45.10	43.40	41.60
54	52.20	50.40	48.60	46.80	45.00	43.20
56	54.20	52.30	50.40	48.60	46.70	44.80
58	56.10	54.20	52.20	50.30	48.40	46.40
60	58.00	56.00	54.00	52.00	50.00	48.00
62	60.00	57.90	55.80	53.80	51.70	49.60
64	61.90	59.80	57.60	55.50	53.40	51.20
66	63.80	61.60	59.40	57.20	55.00	52.80
68	65.80	63.50	61.20	59.00	56.70	54.40
70	67.70	65.40	63.00	60.70	58.40	56.00
72	69.60	67.20	64.80	62.40	60.00	57.60
74	71.60	69.10	66.60	64.20	61.70	59.20
76	73.50	71.00	68.40	65.90	63.40	60.80
78	75.40	72.80	70.20	67.60	65.00	62.40
80	77.40	74.70	72.00	69.40	66.70	64.00
82	79.30	76.60	73.80	71.10	68.40	65.60
84	81.20	78.40	75.60	72.80	70.00	67.20
86	83.20	80.30	77.40	74.60	71.70	68.80
88	85.10	82.20	79.20	76.30	73.40	70.40
90	87.00	84.00	81.00	78.00	75.00	72.00
92	89.00	85.90	82.80	79.80	76.70	73.60
94	90.90	87.80	84.60	81.50	78.40	75.20
96	92.80	89.60	86.40	83.20	80.00	76.80
98	94.80	91.50	88.20	85.00	81.70	78.40
100	96.70	93.40	90.00	86.70	83.40	80.00
102	98.60	95.20	91.80	88.40	85.00	81.60
104	100.60	97.10	93.60	90.20	86.70	83.20
106	102.50	99.00	95.40	91.90	88.40	84.80
108	104.40	100.80	97.20	93.60	90.00	86.40
110	106.40	102.70	99.00	95.40	91.70	88.00
112	108.30	104.60	100.80	97.10	93.40	89.60
114	110.20	106.40	102.60	98.80	95.00	91.20
116	112.20	108.30	104.40	100.60	96.70	92.80
118	114.10	110.20	106.20	102.30	98.40	94.40
120	116.00	112.00	108.00	104.00	100.00	96.00
122	118.00	113.90	109.80	105.80	101.70	97.60
124	119.90	115.80	111.60	107.50	103.40	99.20
126	121.80	117.60	113.40	109.20	105.00	100.80
127	122.80	118.60	114.30	110.10	105.90	101.60

Table 5

WIFE'S BENEFIT AFTER ACTUARIAL REDUCTION

Primary Insurance Amount	Wife's Original Benefit	Benefit after Reduction for Number of Months under Age 65: 6	12	18	24	30	36
$33	$16.50	$15.90	$15.20	$14.50	$13.80	$13.10	$12.40
34	17.00	16.30	15.60	14.90	14.20	13.50	12.80
36	18.00	17.30	16.50	15.80	15.00	14.30	13.50
38	19.00	18.30	17.50	16.70	15.90	15.10	14.30
40	20.00	19.20	18.40	17.50	16.70	15.90	15.00
42	21.00	20.20	19.30	18.40	17.50	16.70	15.80
44	22.00	21.10	20.20	19.30	18.40	17.50	16.50
46	23.00	22.10	21.10	20.20	19.20	18.30	17.30
48	24.00	23.00	22.00	21.00	20.00	19.00	18.00
50	25.00	24.00	23.00	21.90	20.90	19.80	18.80
52	26.00	25.00	23.90	22.80	21.70	20.60	19.50
54	27.00	25.90	24.80	23.70	22.50	21.40	20.30
56	28.00	26.90	25.70	24.50	23.40	22.20	21.00
58	29.00	27.80	26.60	25.40	24.20	23.00	21.80
60	30.00	28.80	27.50	26.30	25.00	23.80	22.50
62	31.00	29.80	28.50	27.20	25.90	24.60	23.30
64	32.00	30.70	29.40	28.00	26.70	25.40	24.00
66	33.00	31.70	30.30	28.90	27.50	26.20	24.80
68	34.00	32.60	31.20	29.80	28.40	27.00	25.50
70	35.00	33.60	32.10	30.70	29.20	27.80	26.30
72	36.00	34.50	33.00	31.50	30.00	28.50	27.00
74	37.00	35.50	34.00	32.40	30.90	29.30	27.80
76	38.00	36.50	34.90	33.30	31.70	30.10	28.50
78	39.00	37.40	35.80	34.20	32.50	30.90	29.30
80	40.00	38.40	36.70	35.00	33.40	31.70	30.00
82	41.00	39.30	37.60	35.90	34.20	32.50	30.80
84	42.00	40.30	38.50	36.80	35.00	33.30	31.50
86	43.00	41.30	39.50	37.70	35.90	34.10	32.30
88	44.00	42.20	40.40	38.50	36.70	34.90	33.00
90	45.00	43.20	41.30	39.40	37.50	35.70	33.80
92	46.00	44.10	42.20	40.30	38.40	36.50	34.50
94	47.00	45.10	43.10	41.20	39.20	37.30	35.30
96	48.00	46.00	44.00	42.00	40.00	38.00	36.00
98	49.00	47.00	45.00	42.90	40.90	38.80	36.80
100	50.00	48.00	45.90	43.80	41.70	39.60	37.50
102	51.00	48.90	46.80	44.70	42.50	40.40	38.30
104	52.00	49.90	47.70	45.50	43.40	41.20	39.00
106	53.00	50.80	48.60	46.40	44.20	42.00	39.80
108	54.00	51.80	49.50	47.30	45.00	42.80	40.50
110	55.00	52.80	50.50	48.20	45.90	43.60	41.30
112	56.00	53.70	51.40	49.00	46.70	44.40	42.00
114	57.00	54.70	52.30	49.90	47.50	45.20	42.80
116	58.00	55.60	53.20	50.80	48.40	46.00	43.50
118	59.00	56.60	54.10	51.70	49.20	46.80	44.30
120	60.00	57.50	55.00	52.50	50.00	47.50	45.00
122	61.00	58.50	56.00	53.40	50.90	48.30	45.80
124	62.00	59.50	56.90	54.30	51.70	49.10	46.50
126	63.00	60.40	57.80	55.20	52.50	49.90	47.30
127	63.50	60.90	58.30	55.60	53.00	50.30	47.70

follows an initial single entitlement, any previous actuarial reduction must be preserved, since it was computed on a lifetime basis. The additional reduction is obtained by applying the factor for the second entitlement to the difference between the two unreduced benefits, for the number of months remaining to age 65.

For a woman entitled to old-age insurance benefits and simultaneously or later, before age 65, to wife's benefits (the second entitlement is possible only if the wife's benefit is larger), the old-age benefit is computed and reduced as if the woman were entitled to that benefit only. Then the supplemental wife's benefit is computed as the unreduced wife's benefit (half of her husband's primary insurance amount) minus the unreduced old-age benefit (the woman's primary insurance amount). This supplemental benefit is then reduced by 25/36% for each month from month of entitlement through the month preceding attainment of age 65. To state the process more simply the old-age reduction factor is applied to a portion of the amount equal to the woman's primary insurance amount, and the larger wife's benefit reduction factor is applied to the remainder. In this case the woman receives an amount equal to the largest benefit to which she is entitled, but reduced by a lesser amount than in single entitlement through the use of the two reduction factors in combination rather than use of the one applicable to the larger benefit only.

When a woman who is or was entitled to a wife's benefit becomes entitled later, before age 65, to an old-age benefit, the latter benefit is reduced by the dollar amount of the previous reduction in the wife's benefit and further reduced by the product of any excess of the unreduced old-age benefit over the unreduced wife's benefit times 5/9% times the number of months remaining to attainment of age 65. Thus the woman whose entitlement to old-age benefits occurs after her entitlement to wife's benefits receives a benefit reduced by the dollar amount of the previous reduction, and further reduced by the application of the old-age reduction factor to any excess of the old-age benefit over the wife's benefit. If the reduced wife's benefit is larger than the reduced old-age benefit, then that excess is payable as a supplemental wife's benefit.

The same methods are used in cases where the second entitlement occurs after age 65; however, since there are no months remaining to age 65 there is no reduction of any excess of the second benefit over the first. The original reduction then continues unchanged.

In effect, the amount of monthly payment received at any time by a woman who became entitled to either an old-age or wife's benefit before age 65 is always the larger unreduced benefit for which she is eligible, adjusted in this way: if the current larger benefit is the first benefit to which she became entitled, the monthly payment is the amount originally computed and reduced (if entitlement is simultaneous, the old-age benefit is "first" for purposes of this rule); if it is the second, the monthly payment is the amount of the second unreduced benefit less the reduction amount computed for the first benefit and less an additional reduction amount computed using the reduction factor for the second benefit applied to the excess of the second benefit over the first and any months remaining to age 65 at the time of the second entitlement.

The reduction amounts computed both for the first and second benefits are recomputed at age 65 to reflect credit for months before age 65 for which either benefit was withheld, thus changing the total number of months to be counted for application of the reduction factor.

Recomputation at Age 65. In the case of a woman who is entitled to either or both benefits at age 65, the reduction amounts and reduced benefits are recomputed for the month in which she attains age 65 and subsequent months. The recomputation allows credit for months in which there existed certain conditions for which allowance could not have been made at the time of the previous computation. For administrative reasons the recomputation is made only if benefits were affected for three or more months before age 65. The adjusted reduction amounts and adjusted reduced benefits are computed under the procedure previously used, except that from the number of months counted to age 65 in each computation there is subtracted the number of months for which:

(1) Either benefit was reduced through application of the retirement test to the woman's earnings.

(2) The husband was an old-age beneficiary and the wife's benefit was reduced because of application of the retirement test to her husband's earnings.

(3) The husband was a disability beneficiary and the wife's benefit was withheld because he refused without good cause to accept vocational rehabilitation, or was terminated because he recovered from his disability. For purposes of recomputation the months from the month of termination to month of attainment of age 65 are counted as months for which the benefit was withheld.

(4) Wife's benefit was received while the woman had care of an entitled child. For purposes of recomputation, such months are counted as withheld months for the old-age benefit as well as the wife's benefit if the woman was entitled to both, although actually an unreduced wife's benefit was received.

However, if the wife's benefits were terminated because of divorce or the death of her husband, the months after termination are not counted as months in which the benefit was withheld.

If a woman was entitled to wife's benefits before age 65, then (1) her eligibility terminated at age 65 or earlier, and (2) subsequently at age 65 or later she becomes entitled to old-age benefits, the old reduction attaches to the new benefit. The wife's benefit reduction amount, used in computing the reduced old-age benefit, is that applicable for the last month of entitlement to the wife's benefit. Such reduction amount is, however, adjusted for months not to be counted as it would have been if the woman had still been eligible for the wife's benefit at age 65.

An example may be of interest. Assume that a man born in January 1896 married a woman who was born in January 1898, and that both the man and his wife are fully insured in 1959.

In January 1960, at age 62, the wife chooses to retire and applies for old-age benefits. On the basis of her earnings record her primary insurance amount is \$48. Her old-age benefit is computed:

$$\$48 - \$48(.01)(5/9)(36) = \$48 - \$9.60 = \$38.40.$$

In January 1961, the husband reaches age 65 and applies for old-age benefits. His primary insurance amount is \$120, which is also the amount of his monthly benefit payment. Since his wife's primary insurance amount is less than half of his primary insurance amount, she is entitled to a supplemental wife's benefit of \$12 (\$60 - \$48), reduced as follows:

$\$12 - \$12(.01)(25/36)(24) = \$12 - \$2 = \$10.$ The woman receives a total monthly payment of \$48.40, her old-age benefit of \$38.40 plus a supplemental wife's benefit of \$10.

In April 1962, the couple adopts a four-year old child and the wife becomes entitled to an unreduced wife's benefit because the child is in her care. The wife's benefit is \$60.00, the child's is the same, and the family receives the following:

Man:	Old-Age Benefit		\$120.00
Woman:	Old-Age Benefit	\$38.40	
	Wife's Benefit	21.60	60.00
Child:			60.00
			\$240.00

In October, 1962, the child dies. The woman's total benefit is again \$48.40.

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Page 32. The last numbered paragraph should read:

"(4) Wife's benefit was received while the woman had care of an entitled child. For purposes of recomputation, such months are counted as withheld months in respect to the wife's benefit (or in respect to the dollar reduction in the old-age benefit arising from previous entitlement to a wife's benefit)."

Page 34. Delete and substitute the following:

In 1962, both are employed for the entire year at $100 a month each, with the husband earning some overtime in November-December, and the wife in December, making a total for the year of $1460 for the husband and $1300 for the wife. Benefit reductions are as follows:

Month	Reduction Based on Husband's Earnings: Old-Age Benefit	Reduction Based on Husband's Earnings: Wife's Benefit	Reduction Based on Wife's Earnings: Old-Age Benefit	Reduction Based on Wife's Earnings: Wife's Benefit
November	$120	$10	--	--
December	--	--	$38.40	$10

In January 1963, the woman reaches age 65, and her old-age benefit is automatically recomputed to allow for the 1 month that it was reduced:

$$\$48 - \$48(.01)(5/9)(35) = \$48 - \$9.30 = \$38.70$$

Her supplemental wife's benefit is automatically recomputed to allow for the 6 months when she did not have reduced benefits because she had a child in her care and the 2 months when the wife's benefit was withheld because of employment:

$$\$12 - \$12(.01)(25/36)(16) = \$12 - \$1.30 = \$10.70$$

She receives a total of $49.40, her old-age benefit of $38.70 and a supplemental wife's benefit of $10.70.

When the husband dies in January 1964, she receives a total monthly payment of $90, her old-age benefit of $38.70 plus a widow's benefit of $51.30. When she marries, in August 1965, a man who is not a secondary beneficiary, she is no longer entitled to the widow's benefit but continues to receive her old-age benefit. Had she married a man who was receiving benefits as surviving father, widower, or disabled child of an insured worker, her widow's benefit would not have terminated. Had she married an old-age or disability beneficiary she would immediately become eligible for a supplementary wife's benefit if his primary insurance amount is $97 or more.

IV. Provisions of the 1958 and 1960 Amendments

The foregoing presentation of the program as it exists today incorporates substantial changes contained in the 1958 and 1960 Amendments, affecting eligibility for and amount of benefits. In particular the scope of disability benefits, inaugurated with the 1956 Amendments, was broadened in the light of experience gained in administering the initial restricted program. The minor extensions in employment covered allow credit for certain self-employment and armed services income previously excluded, facilitate coverage of State and local government employees, and bring a few additional employees under the program. Maximum earnings creditable in a year were increased from $4,200 to $4,800, beginning in 1959.

The provisions of the Act as it existed before these amendments is of interest, not only historically but also because a beneficiary may receive retroactive payment for as many as 12 months before the month in which he makes application. When a beneficiary who becomes entitled in 1959 through initial application or a change in his beneficiary status receives payment for months in 1958, the amount of benefit for those months in 1958 must be computed under the provisions of the Act <u>before</u> the 1958 Amendments. A similar problem arises when a survivor of a worker who died before 1959 becomes entitled to benefits in 1959 or later, since benefits must be computed under former law and converted; this process may result in a benefit slightly different from that derived by direct computation under the present law.

<u>Fully Insured</u>. Before the 1960 Amendments, a worker was required to have <u>1 quarter</u> of coverage for each <u>2</u> quarters elapsed after 1950 (or age 21, if later) to the beginning of the <u>quarter</u> of entitlement. For years before 1950, a quarter before the first quarter of coverage earned in a year could not be counted; that is, a person who earned $3,000 or more in 1945, starting in July, could count only 2 quarters in that year. The 1960 Amendments provide that quarters of coverage earned before 1951 are counted in the same way as quarters earned after 1950. At the same time the method of counting elapsed quarters was changed, so that the count is made to the beginning of the year of first eligibility instead of to the beginning of the quarter, a simpler way to explain and to administer.

An alternative provision for "fully insured" status, contained in the 1954 Amendments, provided that an individual was fully insured if all but 4 of the quarters elapsing after 1954 were quarters of coverage, with a minimum of 6 such quarters, thus requiring that quarters of coverage be earned during a specified period. The requirement of "1 out of 3" instead of "1 out of 2" means that this alternative is no longer effective (the alternative calls for at least 16 quarters to qualify in 1960, while the "1 out of 3" requirement amounts to 12), and it was eliminated.

Disability Insured. Under the 1958 Amendments the requirement of currently insured status for eligibility both for disability benefits and the disability freeze was eliminated, thus making it easier for the person whose disability had a gradual onset to qualify. The requirement of fully insured status for the establishment of a period of disability was added. Thus both disability benefits and the disability freeze require the same "disability insured" status: fully insured plus 20 quarters of coverage earned during the last 40 elapsed quarters. The 1960 Amendments added the alternative requirement of at least 20 quarters of coverage, including all quarters after 1950, a provision affecting relatively few persons.

Average Monthly Wage. The 1960 Amendments introduced the concept of use of a constant number of years for any individual regardless of when he claims benefits. Previously (under the 1958 Amendments) the computation covered the period of years between a "starting date" and a "closing date," and average monthly wage was the total of a worker's wages and self-employment income from his starting date to his closing date, divided by the number of months elapsed in that period. In this divisor up to five full calendar years (but no part years) during the period were omitted, and any corresponding earnings were omitted in the dividend, if such omission resulted in a higher primary insurance amount. In addition, the number of elapsed months excluded all months in any year prior to the year of reaching age 22, unless at least 2 quarters were quarters of coverage, and the months in a year any part of which was included in a period of disability, unless their inclusion, together with earnings credited in that year, resulted in a higher primary amount. However, the minimum number of elapsed months which could be used in the divisor was 18.

By this rule, for example, a person who could drop out earnings in all but one year must use a divisor of 18 months with his 12 months' earnings, thus lowering his average monthly wage. Under the "new start" method, the starting date was December 31, 1950 or, if later, the last day of the year in which the worker reached age 21, whichever resulted in the higher primary amount. That is, a person reaching age 21 after December 31, 1950 used the later date or December 13, 1950, whichever was to his advantage, but a person over age 21 on December 31, 1950 had to use the 1950 starting date if he was to use the "new start" method. The worker must have 6 quarters of coverage earned after 1950 in order to use the "new start" method. The closing date was (1) the first day of the year of death or entitlement to old-age or disability benefits, (2) the first day of the first year in which the worker was both fully insured and had reached retirement age, or (3) the first day of the year following the year of death or entitlement to old-age or disability benefits. From these three was chosen that date which resulted in the highest primary insurance amount.

The 1960 Amendments changed the foregoing method in several respects. There is no longer a "starting date" and "closing date" mentioned in the law but instead the computation is based on the number of "benefit computation years", which is equal to the number of years elapsing after 1955 (or the year of attainment of age 26, if later), and up to (but not including) the year in which the person first becomes eligible for old-age benefits, dies, or becomes disabled, whichever first occurs.

Primary Insurance Amount. Under the 1958 Amendments, primary insurance amount was computed in the manner described in Part II, using Table 1. Previously, it was determined by a formula, computing average monthly wage in the manner just described, except that the drop-out of up to five calendar years of low earnings can be used only for a worker first eligible for benefits after August 1954, or having 6 quarters of coverage earned after June 1953. While this restriction rarely applies in the case of beneficiaries first entitled in 1959 or later, it may arise in the recomputation of primary insurance amount. Further, if a closing date of January 1, 1960 is used, as it may be for application in 1959, not more than $4200 of 1959 earnings may be included for the purpose of determining the 1954 primary insurance amount used to determine the amount of benefit for months in 1958, although $4800 of 1959 earnings may be used in computing benefits for months in 1959 and after. When average monthly wage has been computed, there are three methods of determining the primary insurance amount:

1. Primary insurance benefit is determined in the manner described in Part II, under "modified primary insurance benefit": 40% of the first $50 of average monthly wage plus 10% of the next $200, the sum increased by 1% for each year before 1951 in which $200 or more of wages was received. The primary insurance benefit so computed is found in Table 6, column 1. The 1954 primary insurance amount is the corresponding figure in column 3. Method 1 may be used where the worker was at least 21 years of age in 1950 and has at least 1 quarter of coverage earned before 1951.

2. 1952 Primary insurance amount is $25 if average monthly wage is $34 or less; $26 if average monthly wage is from $35 to $47, inclusive; and 55% of the first $100 of average monthly wage plus 15% of the next $200, rounded to the next higher multiple of 10 cents, if average monthly wage is $48 or more. This amount is found in Table 6, column 2, and the 1954 primary insurance amount is the corresponding figure in column 3. Method 2 may be used only in the few instances in which it produces a higher 1954 primary insurance amount than direct application of method 3, and with the restriction that no dropout may be used in determining average monthly wage. This method was eliminated by the 1960 Amendments.

3. 1954 Primary insurance amount is 55% of the first $110 of average monthly wage plus 20% of the next $240, rounded to the next higher multiple of 10 cents. It may be used if the average worker has at least 6 quarters of coverage earned after 1950. In converting the amounts in columns 1 and 2 of Table 6 to the 1954 primary insurance amount in column 3, linear interpolation is used for values falling between those shown. The 1954 primary insurance amount on which retroactive benefits for months in 1958 are based is the highest amount in column 3 derived by one of these three methods.

Table 6

CONVERSION TABLE IN 1954 AMENDMENTS

Primary Insurance Benefit (1)	1952 Primary Insurance Amount (2)	1954 Primary Insurance Amount (3)	Adjusted Average Monthly Wage (4)	Maximum Family Benefit (5)
$10	$25.00	$30.00	$55	$50.00
11	27.00	32.00	58	50.00
12	29.00	34.00	62	51.00
13	31.00	36.00	65	54.00
14	33.00	38.00	69	57.00
15	35.00	40.00	73	60.00
16	36.70	41.70	76	62.55
17	38.20	43.20	79	64.80
18	39.50	44.50	81	66.75
19	40.70	45.70	83	68.55
20	42.00	47.00	85	70.50
21	43.50	48.50	88	72.75
22	45.30	50.30	91	75.45
23	47.50	52.50	95	78.75
24	50.10	55.10	100	82.65
25	52.40	57.40	104	86.10
26	54.40	59.40	108	89.10
27	56.30	61.30	114	91.95
28	58.00	63.00	123	98.40
29	59.40	64.40	130	104.00
30	60.80	66.30	139	111.20
31	62.00	67.90	147	117.60
32	63.30	69.50	155	124.00
33	64.40	71.10	163	130.40
34	65.50	72.50	170	136.00
35	66.60	73.90	177	141.60
36	67.80	75.50	185	148.00
37	68.90	77.10	193	154.40
38	70.00	78.50	200	160.00
39	71.00	79.90	207	165.60
40	72.00	81.10	213	170.40
41	73.10	82.70	221	176.80
42	74.10	83.90	227	181.60
43	75.10	85.30	234	187.20
44	76.10	86.70	241	192.80
45	77.10	88.50	250	200.00
46	77.10	88.50	250	200.00
	77.20	88.50	250	200.00
	77.30	88.50	250	200.00
	77.40	88.50	250	200.00
	77.50	88.50	250	200.00
	78.00	89.10	253	200.00
	79.00	90.50	260	200.00
	80.10	91.90	267	200.00
	81.00	93.10	273	200.00
	82.00	94.50	280	200.00
	83.10	95.90	287	200.00
	84.00	97.10	293	200.00
	85.00	98.50	300	200.00

If death of the worker occurred before 1959 and survivors become entitled to benefits in 1959 or later, the 1954 primary insurance amount is determined by one of the three methods just described. Any retroactive payment for months in 1958 is based on this amount, which is then converted to the corresponding 1958 primary insurance amount (Table 1, column 4) on which benefits for months after 1958 are based. The resulting monthly benefit may be slightly different from that computed under the 1958 Amendments as if the worker had died in 1959 or after.

When application for life benefits is filed in 1959 and retroactive benefits (up to 12 months) are payable for months in 1958, the 1954 primary insurance amount is determined by one of the three methods just outlined, and payments for months in 1958 are based on this amount. For months after 1958 the 1958 primary insurance amount is computed under the 1958 Amendments using the procedure described in Part II. In most cases the resulting amount is the same as that derived by converting the 1954 primary insurance amount (Table 1, column 3) to the 1958 primary insurance amount (column 4). A difference occurs if the dropout was not used in computing the 1954 primary insurance amount, or if 1959 earnings were in excess of $4200 and the closing date was January 1, 1960.

If the 1954 primary insurance amount is higher than the computed 1958 primary insurance amount, a savings clause prevents a reduction in benefit for months after 1958. The 1954 primary insurance amount, rounded to the next higher multiple of $1, becomes the 1958 primary insurance amount on which benefits for months after 1958 are based. For example, assume a man attains age 65 in September 1958 and files application for old-age insurance benefits in January 1959. He has no earnings before 1951 and no low years to drop out, and average monthly wage is $102. His 1954 primary insurance amount is computed by method 3: $102(55%) = $56.10; and alternatively under method 2: $100(55%) + $2(15%) = $55.30, converted by linear interpolation of Table 6 to a 1954 primary insurance amount of $60.30; his benefits for 4 months in 1958 are based on the latter amount. Turning to Table 1, an average monthly wage of $102 yields a 1958 primary insurance amount of $60, less than the 1954 primary insurance amount, which is rounded to $61 to become the 1958 primary insurance amount for benefits after 1958. Had he filed application in 1958 the 1954 primary insurance amount of $60.30 would have been converted by Table 1 to a 1958 primary insurance amount of $65. While it may seem inequitable to penalize this man for late filing, a cut-off date is necessary to terminate computation by method 2 and thus to eliminate the continued use of superseded provisions of the Act.

<u>Recomputation of Primary Insurance Amount</u>. After initial entitlement to benefits, recipients may file application for recomputation of the primary insurance amount of the worker on whose wage record their benefits are based, if the worker has 6 quarters of coverage after 1950, in order to take advantage of wages and self-

employment income or the drop-out of years of low earnings not included in the initial computation of primary insurance amount. Such recomputation is made only if it results in a higher primary insurance amount. The recomputation will include wages or self-employment income earned in a year subsequent to the computation or a recomputation of primary insurance amount for any year in which such earnings exceeded $1200; the drop-out provision when the worker has become eligible by acquiring 6 quarters of coverage after June, 1953, or earnings in the year of death, entitlement to old-age or disability benefits, or previous recomputation, advancing the closing date 1 year. Recomputation after 1960 may be based on the use of a constant number of benefit computation years in determining average monthly wage.

Application for recomputation may not be filed earlier than the end of the year in which additional creditable earnings were received. Benefits may be paid retroactively for as many as 12 months but not for months in the year in which the additional income was earned. When such application is filed in 1959 or later the 1958 primary insurance amount is computed under the 1958 or 1960 Amendments as if the worker had made initial application. Any retroactive payment for months in 1958 is computed by one of the three methods just described. The monthly benefits for the worker and his dependents or for his survivors are based on the 1954 primary insurance amount for months in 1958 and on the 1958 primary insurance amount for months after 1958. However, under certain circumstances the maximum family benefit in 1958 and after is increased by savings clauses which yield maximums in excess of those shown in Tables 1 and 6.

Amount of Benefit. The increase in primary insurance amount included in the 1958 Amendments affected the amount of monthly benefit for all categories of beneficiaries. At that time no change was made in the fraction of primary insurance amount shown in Table 2. However, the 1960 Amendments increased to $\frac{3}{4}$ the fraction payable in the case of a surviving child entitled to a Child's Benefit. Previously, it was $\frac{1}{2}$ plus $\frac{1}{4}$ divided by the number of entitled children. This increase is subject to the maximum family benefit, and thus increases only those total family payments which were below the maximum. No change occurs where there is only one such beneficiary, since he is already receiving $\frac{3}{4}$ of the primary insurance amount. Where there are two survivors entitled to the Child's Benefit, and no other beneficiaries in the family, the total family benefit is increased by $\frac{1}{4}$ of the primary insurance amount. In larger families there is an increase only for certain ranges of primary insurance amount; these instances may be observed by comparing the data shown in Tables 1 and 7. For example, where the primary insurance amount is $109, a family consisting of three individuals entitled to Child's Benefits receives $245.40 under the 1960 Amendments, compared with $190.80 payable under the 1958 Amendments.

Elibigility for Benefits. While a number of changes were made in the conditions for eligibility for various types of benefits, the major change in the 1958 Amendments again concerned the recentlyinaugurated disability program. Eligibility for the primary disability benefit was unchanged, but dependents of disability beneficiaries were added on substantially the same basis as dependents of old-age beneficiaries, beginning in September 1958. In addition, applications for disability benefits were allowed up to 12 months of retroactivity as are other types of benefits; previously there was no provision for retroactive payments. The provision which required payments under other disability benefit systems to be offset against social security disability benefits was eliminated, so that an eligible disabled worker may receive the full amount of his disability benefit regardless of other disability compensation he may receive.

The 1960 Amendments contained further liberalizations in connection with disability beneficiaries. The age 50 requirement for disability benefits was eliminated so that, in most cases, an individual who meets the requirements for the disability freeze in November 1960 and after is eligible for benefits. There is an exception in the case of statutory blindness, which is qualifying for the freeze but not necessarily for benefits. Further, an individual may meet the insured status requirements by utilizing military or railroad wage credits which may not be used for benefit purposes.

The 6 months waiting period for benefits was eliminated if a period of disability existed within 5 years before the current disability began, so that a disability beneficiary who returns to gainful employment but is unable to continue may receive benefits without a second 6-month waiting period. It was also provided that disability benefits would terminate for the third month after the disability ended, instead of for the month of recovery. A trial work period of 9 months during which disability benefits were continued was extended to all types of employment. Previously, a trial work period of 12 months was permitted only in case of employment under an approved State vocational rehabilitation plan. These changes facilitate return to gainful employment.

Liberalization of conditions for eligibility for secondary benefits was also included in the 1958 Amendments. The requirement of proof of dependency for either life or death benefits for an adult disabled child was eliminated, such child being deemed dependent in the same circumstances as for a child under age 18. Survivor benefits also reflect further elimination of restrictions on eligibility: (1) for months beginning with September, 1958, the eligible parent is entitled to benefits regardless of the existence of other survivors, whereas previously he could become entitled only if the deceased worker was not survived by spouse or child eligible for benefits; and (2) certain marriages between beneficiaries are disregarded as a cause of termination of benefits; previously any marriage of a secondary beneficiary terminated his eligibility for benefit.

The 1960 Amendments reduced the duration of marriage requirement from 3 years to 1 year in the case of death benefits, making this requirement the same as that for dependents' benefits. It was also provided that certain invalid marriages would be deemed valid for purposes of determining eligibility for secondary benefits, if at the time of the marriage ceremony the existence of an impediment was not known, and another beneficiary is not entitled because the ceremony was invalid. Dependency of a child upon his natural father may be presumed though more than half the child's support is provided by the stepfather. Eligibility for survivor benefits was extended to survivors of workers who died before 1940.

Retirement Test. The retirement test was modified by the 1958 Amendments to prohibit withholding of benefits for months in which wages were $100 or less, rather than for months where wages were $80 or less, a method which appears more consistent with the permissible annual wages of $1200 before any benefit is withheld. Excess earnings are charged to months beginning with the first month of the taxable years, rather than the last, thus alleviating the problem of withholding higher benefits where the amount of monthly payment increases for any reason during the year.

Under the 1960 Amendments the $100 "tieback" was retained, while the $80 "unit" was eliminated. The resulting reduction in benefits based on actual wages in excess of $1200, rather than on the number of $80 units in excess of $1200, is a more logical procedure which was not introduced earlier because it is difficult to administer and had to be postponed until improved techniques of administration made it feasible. The amount of reduction in benefits is $1 for each $2 of the first $300 of earnings in excess of $1200, with a $1 for $1 reduction applying beyond $1500.

Maximum Family Benefit. Where an applicant becomes entitled to benefits in 1959 or later, the maximum family benefit shown in Table 1 (column 16) applies. Any retroactive benefits for months in 1958 is subject to reduction using the applicable maximum family benefit derived from Table 6. For each 1954 primary insurance amount (column 3) a corresponding adjusted average monthly wage is shown (column 4). Values falling between those shown are derived by linear interpolation with the resulting average monthly wage reduced to the next lower multiple of $1. The maximum family benefit is then computed as the greater of 80% of average monthly wage (column 4) or 150% of the 1954 primary insurance amount (column 3), but not less than $50 or more than $200. The computed maximum family benefit (column 5) corresponding to the 1954 primary insurance amount (column 3) was not contained in the 1954 Amendments to the Act.

Where one member of a family received benefits in December, 1958 and the family maximum is applicable after 1958, that maximum may be greater than the amount shown in Table 1 (column 16) through application of a savings clause. If the 1958 maximum does not exceed the 1954 maximum by at least the amount of the increase in the worker's converted primary insurance amount, the adjusted 1958 maximum is the 1954 maximum (Table 6, column 5) plus the increase in the worker's primary insurance amount (Table 1, column 4 minus column 3), but not more than \$254. For example, a retired worker whose 1954 primary insurance amount is \$63 has an entitled wife and child. In December, 1958 the family receives \$98.40 (\$63 + 2 x \$17.70), the maximum family benefit. The 1958 primary insurance amount is \$67, the corresponding family maximum is \$100.50, and without the savings clause the family would receive \$100.60 (\$67 + 2 x \$16.80), a reduction in benefit for the wife and child of 90¢ each. However, under the savings clause the 1958 family maximum is \$102.40 (\$98.40 + \$67 - \$63). The old-age beneficiary receives \$67, while his wife and child each receive the same amount as before, \$17.70. The savings clause does not apply where application is made in 1959 even if there are retroactive benefits payable for months in 1958. Once again it is necessary to establish a cut-off date to prevent the indefinite continuation of superseded provisions of the Act.

A similar savings clause protects the family of a worker disabled before 1959 but not entitled to disability benefits until 1959 or later. If the worker established a period of disability before 1959 and if death or entitlement to old-age or disability benefits occurs in 1959 or later, the intent of the legislation was that the family maximum be computed as if the worker and his family had become entitled to benefits at the beginning of his period of disability, or in other words that the family concerned, regardless of when it goes on the benefit roll, should receive an increase in benefits as a result of the legislation (see Senate Report No. 2388, 85th Congress, pages 47-48). To accomplish this, the law provides for obtaining the constructed "1954 primary insurance amount" which is the lowest one which would convert to the computed 1958 primary insurance amount; that is, the smaller figure in Table 1 (column 3) corresponding to the 1958 primary insurance amount (column 4). Then, according to the provisions of the law, the difference between the two primary insurance amounts is added to the 1958 family maximum to yield the maximum family benefit applicable, with the result subject to the overall \$254 maximum. This procedure, however, gives more in certain cases than would occur under the stated intent and more than is payable for similar disability cases on the roll in December 1958 or coming on the roll in the future where disability began after 1958. For example, a 1958 primary insurance amount of \$100 leads to a constructed 1954 primary insurance amount of \$93.00; the difference of \$7.00, added to the 1958 family maximum of \$221.60, results in a constructed family maximum of \$228.60. In contrast, a family on the roll in December 1958 with benefits based on a primary insurance amount that was to be converted to \$100 under the provisions of the 1958 Amendments had the maximum benefit increased from the \$200 figure under the 1954 Act only to the \$221.60 in the conversion table of the 1958 Amendments (Table 1) with no further increase from a savings clause.

This provision was eliminated by the 1960 Amendments. However, no reduction is made in the case of beneficiaries already receiving higher amounts under this savings clause at the time it was eliminated.

Another situation which may result in family benefits in excess of the 1958 maximum is where an entitled survivor receives benefits for the month of August, 1958 and the deceased worker's father or mother subsequently becomes entitled to benefits through the elimination by the 1958 Amendments of the restriction on eligibility of a parent. A savings clause prevents a reduction in benefit to the previously entitled survivors if the family maximum necessitates reduction. Benefits for all survivors are reduced according to the family maximum (Table 6 for months in 1958, Table 1 thereafter) and the newly-entitled parent receives the benefit so computed. Other beneficiaries in the family receive the amount they would receive if the parent had not become entitled. Thus the total for the family may exceed the maximum by the amount of the benefit received by the parent; the maximum of $200 before 1958 and $254 after 1958 does not apply.

For example, the surviving widow and child of a worker whose primary insurance amount was $50 would receive $37.50 each, or the maximum family benefit of $75, in August, 1958. A surviving father who became eligible in September 1958 would receive $\frac{1}{3}$ of the maximum, or $25; however, the widow and child would continue to receive benefits computed as though the parent were not eligible, and the total paid on the deceased worker's earnings record would be $100, or $25 more than the maximum.

Similar savings clauses in the 1960 Amendments prevent a reduction in payments to existing beneficiaries in a family where an additional beneficiary becomes entitled as a result of their enactment. Such a case might arise as the result of an invalid marriage not previously recognized, or because of the increase in the child's benefit.

Table 7 shows total family benefits to a retired or disabled worker and his family, or to the survivors of an insured worker, for every average monthly wage (column 1) computed by the "new start" method under the 1958 Amendments. The first six columns repeat the data shown in Table 3. Survivor benefits differ, however, because of the change made in the child's benefit by the 1960 Amendments. In Table 7, an "adult" survivor is an individual receiving any death benefit except the child's benefit, and includes the mother of an entitled child regardless of her age. A "child" survivor may be a disabled "child" age 18 or over.

Column 6 shows the payment to 1 survivor; it will be observed that the minimum is $33. Column 7 shows the payment to a widow and 1 child, or to the widow and a dependent father or mother. Column 8-10 show the amounts received by a widow and 2, 3, or 4 children. Columns 11-13 show the amounts received for children where their mother is not entitled to benefits, perhaps because she is employed or has remarried.

Table 7

TOTAL FAMILY PAYMENTS FOR OLD-AGE OR DISABILITY BENEFICIARIES AND THEIR DEPENDENTS, AND FOR ENTITLED SURVIVORS OF INSURED WORKERS

(1958 Amendments)

Average Monthly Wage Under "New Start" Method	Life Benefits				Death Benefits for Entitled Survivors										Maximum Family Benefit
	Retired Worker Alone	Retired Worker and Dependents			Adult or Child	Adult and Child	Adult and Children			Children with Adult not Entitled			Two Adults and Child	Two Adults and Two Children	
		One	Two	Three			Two	Three	Four	Two	Three	Four			
	PIA	$1+\frac{1}{2}=\frac{3}{2}$	$1+2(\frac{1}{2})=2$	$1+3(\frac{1}{2})=\frac{5}{2}$	$\frac{3}{4}$	$2(\frac{3}{4})=\frac{3}{2}$	$\frac{3}{4}+2(\frac{5}{8})=2$	$\frac{3}{4}+3(\frac{7}{12})=\frac{5}{2}$	$\frac{3}{4}+4(\frac{9}{16})=3$	$2(\frac{5}{8})=\frac{5}{4}$	$3(\frac{7}{12})=\frac{7}{4}$	$4(\frac{9}{16})=\frac{9}{4}$	$3(\frac{3}{4})=\frac{9}{4}$	$2(\frac{3}{4}+\frac{5}{8})=\frac{11}{4}$	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
$0-$54	$33.00	$49.50	$53.00	$53.10	$33.00	$49.60	$53.10	$53.10	$53.30	$41.40	$53.10	$53.20	$53.10	$53.20	$53.00
55- 56	34.00	51.00	54.00	54.10	33.00	51.00	54.10	54.00	54.30	42.60	54.00	54.00	54.00	54.20	54.00
57- 58	35.00	52.50	55.00	55.10	33.00	52.60	55.10	55.20	55.40	43.80	55.20	55.20	55.20	55.00	55.00
59- 60	36.00	54.00	56.00	56.10	33.00	54.00	56.00	56.10	56.00	45.00	56.10	56.00	56.10	56.20	56.00
61	37.00	55.50	57.00	57.10	33.00	55.60	57.20	57.00	57.10	46.40	57.00	57.20	57.00	57.20	57.00
62- 63	38.00	57.00	58.00	58.10	33.00	57.00	58.20	58.20	58.10	47.60	58.20	58.00	58.20	58.20	58.00
64- 65	39.00	58.50	59.00	59.10	33.00	58.60	59.20	59.10	59.20	48.80	59.10	59.20	59.10	59.20	59.00
66- 67	40.00	60.00	60.00	60.10	33.00	60.00	60.10	60.00	60.20	50.00	60.00	60.00	60.00	60.20	60.00
68- 69	41.00	61.50	61.60	61.70	33.00	61.60	61.70	61.70	61.80	51.40	61.50	61.60	61.50	61.60	61.50
70	42.00	63.00	63.00	63.00	33.00	63.00	63.10	63.00	63.40	52.60	63.00	63.20	63.00	63.20	63.00
71- 72	43.00	64.50	64.60	64.60	33.00	64.60	64.60	64.70	64.60	53.80	64.50	64.80	64.50	64.60	64.50
73- 74	44.00	66.00	66.00	66.20	33.00	66.00	66.20	66.00	66.10	55.00	66.00	66.00	66.00	66.00	66.00
75- 76	45.00	67.50	67.60	67.50	33.80	67.60	67.60	67.70	67.70	56.40	67.50	67.60	67.50	67.80	67.50
77- 78	46.00	69.00	69.00	69.10	34.50	69.00	69.10	69.00	69.30	57.60	69.00	69.20	69.00	69.20	69.00
79- 80	47.00	70.50	70.60	70.70	35.30	70.60	70.70	70.70	70.90	58.80	70.50	70.80	70.50	70.80	70.50
81	48.00	72.00	72.00	72.00	36.00	72.00	72.00	72.00	72.00	60.00	72.00	72.00	72.00	72.20	72.00
82- 83	49.00	73.50	73.60	73.60	36.80	73.60	73.60	73.70	73.60	61.40	73.50	73.60	73.50	73.80	73.50
84- 85	50.00	75.00	75.00	75.20	37.50	75.00	75.20	75.00	75.20	62.60	75.00	75.20	75.00	75.20	75.00
86- 87	51.00	76.50	76.60	76.50	38.30	76.60	76.70	76.70	76.80	63.80	76.50	76.80	76.50	76.60	76.50
88- 89	52.00	78.00	78.00	78.10	39.00	78.00	78.10	78.00	78.30	65.00	78.00	78.00	78.00	78.20	78.00
90	53.00	79.50	79.60	79.70	39.80	79.60	79.70	79.70	79.90	66.40	79.50	79.60	79.50	79.60	79.50
91- 92	54.00	81.00	81.00	81.00	40.50	81.00	81.20	81.00	81.10	67.60	81.00	81.20	81.00	81.20	81.00
93- 94	55.00	82.50	82.60	82.60	41.30	82.60	82.60	82.70	82.70	68.80	82.50	82.80	82.50	82.60	82.50
95- 96	56.00	84.00	84.00	84.20	42.00	84.00	84.10	84.00	84.20	70.00	84.00	84.00	84.00	84.20	84.00
97	57.00	85.50	85.60	85.50	42.80	85.60	85.70	85.70	85.80	71.40	85.50	85.60	85.50	85.80	85.50
98- 99	58.00	87.00	87.00	87.10	43.50	87.00	87.10	87.00	87.40	72.60	87.00	87.20	87.00	87.20	87.00
100-101	59.00	88.50	88.60	88.70	44.30	88.60	88.60	88.70	88.60	73.80	88.50	88.80	88.50	88.80	88.50
102	60.00	90.00	90.00	90.00	45.00	90.00	90.20	90.00	90.10	75.00	90.00	90.00	90.00	90.20	90.00
103-104	61.00	91.50	91.60	91.60	45.80	91.60	91.60	91.70	91.70	76.40	91.50	91.60	91.50	91.60	91.50
105-106	62.00	93.00	93.00	93.20	46.50	93.00	93.10	93.00	93.30	77.60	93.00	93.20	93.00	93.20	93.00
107	63.00	94.50	94.60	94.50	47.30	94.60	94.70	94.70	94.90	78.80	94.50	94.80	94.50	94.60	94.50
108-109	64.00	96.00	96.00	96.10	48.00	96.00	96.00	96.00	96.00	80.00	96.00	96.00	96.00	96.20	96.00
110-113	65.00	97.50	97.60	97.70	48.80	97.60	97.60	97.70	97.60	81.40	97.50	97.60	97.50	97.60	97.50
114-118	66.00	99.00	99.00	99.00	49.50	99.00	99.20	99.00	99.20	82.60	99.00	99.20	99.00	99.00	99.00
119-122	67.00	100.50	100.60	100.60	50.30	100.60	100.70	100.70	100.80	83.80	100.50	100.80	100.50	100.80	100.50
123-127	68.00	102.00	102.00	102.20	51.00	102.00	102.10	102.00	102.30	85.00	102.00	102.00	102.00	102.20	102.00
128-132	69.00	103.50	105.60	105.60	51.80	103.60	105.60	105.80	105.60	86.40	105.60	105.60	105.60	105.60	105.60
133-136	70.00	105.00	108.80	109.00	52.50	105.00	108.80	108.90	108.80	87.60	108.90	108.80	108.90	109.00	108.80
137-141	71.00	106.50	112.80	113.00	53.30	106.60	112.90	113.10	113.00	88.80	112.80	112.80	112.80	113.00	112.80
142-146	72.00	108.00	116.80	117.00	54.00	108.00	116.80	117.00	116.80	90.00	117.00	116.80	117.00	117.00	116.80
147-150	73.00	109.50	120.00	120.10	54.80	109.60	120.00	120.00	120.00	91.40	120.00	120.00	120.00	120.20	120.00
151-155	74.00	111.00	124.00	124.10	55.50	111.00	124.10	124.20	124.20	92.60	124.20	124.00	124.20	124.20	124.00
156-160	75.00	112.50	128.00	128.10	56.30	112.60	128.00	128.10	128.00	93.80	128.10	128.00	128.10	128.20	128.00
161-164	76.00	114.00	131.20	131.20	57.00	114.00	131.20	131.50	131.20	95.00	131.40	131.20	131.40	131.40	131.20
165-169	77.00	115.50	135.20	135.20	57.80	115.60	135.30	135.40	135.40	96.40	135.00	135.20	135.30	135.40	135.20
170-174	78.00	117.00	139.20	139.20	58.50	117.00	139.20	139.30	139.20	97.60	136.50	139.20	139.20	139.40	139.20
175-178	79.00	118.50	142.40	142.60	59.30	118.60	142.40	142.70	142.40	98.80	138.30	142.40	142.50	142.60	142.40
179-183	80.00	120.00	146.40	146.60	60.00	120.00	146.50	146.60	146.60	100.00	140.10	146.40	146.40	146.60	146.40
184-188	81.00	121.50	150.40	150.60	60.80	121.60	150.40	150.50	150.40	101.40	141.90	150.40	150.60	150.60	150.40
189-193	82.00	123.00	154.40	154.60	61.50	123.00	154.50	154.70	154.60	102.60	143.70	154.40	154.50	154.60	154.40
194-197	83.00	124.50	157.60	157.70	62.30	124.60	157.70	157.70	157.80	103.80	145.50	157.60	157.80	157.80	157.60
198-202	84.00	126.00	161.60	161.70	63.00	126.00	161.60	161.90	161.60	105.00	147.00	161.60	161.70	161.80	161.60
203-207	85.00	127.50	165.60	165.70	63.80	127.60	165.70	165.80	165.80	106.40	148.80	165.60	165.60	165.80	165.60
208-211	86.00	129.00	168.80	168.80	64.50	129.00	168.90	168.90	169.00	107.60	150.60	168.80	168.90	169.00	168.80
212-216	87.00	130.50	172.80	172.80	65.30	130.60	172.80	173.10	172.80	108.80	152.40	172.80	172.80	173.00	172.80
217-221	88.00	132.00	176.00	176.80	66.00	132.00	176.00	177.00	177.00	110.00	154.20	176.80	177.00	177.00	176.80
222-225	89.00	133.50	178.00	180.20	66.80	133.60	178.20	180.00	180.20	111.40	156.00	180.00	180.00	180.20	180.00
226-230	90.00	135.00	180.00	184.20	67.50	135.00	180.10	184.20	184.00	112.60	157.50	184.00	184.20	184.20	184.00
231-235	91.00	136.50	182.00	188.20	68.30	136.60	182.10	188.10	188.20	113.80	159.30	188.00	188.10	188.20	188.00
236-239	92.00	138.00	184.00	191.30	69.00	138.00	184.00	191.50	191.40	115.00	161.10	191.20	191.40	191.40	191.20
240-244	93.00	139.50	186.00	195.30	69.80	139.60	186.20	195.40	195.20	116.40	162.90	195.20	195.30	195.40	195.20
245-249	94.00	141.00	188.00	199.30	70.50	141.00	188.10	199.30	199.40	117.60	164.70	199.20	199.20	199.40	199.20
250-253	95.00	142.50	190.00	202.40	71.30	142.60	190.10	202.70	202.60	118.80	166.50	202.40	202.50	202.40	202.40
254-258	96.00	144.00	192.00	206.40	72.00	144.00	192.00	206.60	206.40	120.00	168.00	206.40	206.40	206.60	206.40
259-263	97.00	145.50	194.00	210.40	72.80	145.60	194.20	210.50	210.60	121.40	169.80	210.40	210.60	210.60	210.40
264-267	98.00	147.00	196.00	213.80	73.50	147.00	196.10	213.80	213.80	122.60	171.60	213.60	213.60	213.80	213.60
268-272	99.00	148.50	198.00	217.80	74.30	148.60	198.10	217.70	217.60	123.80	173.40	217.60	217.80	217.80	217.60
273-277	100.00	150.00	200.00	221.80	75.00	150.00	200.00	221.90	221.80	125.00	175.20	221.60	221.70	221.80	221.60
278-281	101.00	151.50	202.00	224.90	75.80	151.60	202.20	225.00	225.00	126.40	177.00	224.80	225.00	225.00	224.80
282-286	102.00	153.00	204.00	228.90	76.50	153.00	204.10	228.90	228.80	127.60	178.50	228.80	228.90	228.80	228.80
287-291	103.00	154.50	206.00	232.90	77.30	154.60	206.10	233.10	233.00	128.80	180.30	232.00	231.90	233.00	232.80
292-295	104.00	156.00	208.00	236.00	78.00	156.00	208.00	236.10	236.20	130.00	182.10	234.00	234.00	236.20	236.00
296-300	105.00	157.50	210.00	240.00	78.80	157.60	210.20	240.00	240.00	131.40	183.90	236.40	236.40	240.20	240.00
301-305	106.00	159.00	212.00	244.00	79.50	159.00	212.10	244.20	244.20	132.60	185.70	238.80	238.50	244.20	244.00
306-309	107.00	160.50	214.00	247.40	80.30	160.60	214.10	247.30	247.40	133.80	187.50	240.80	240.90	247.40	247.20
310-314	108.00	162.00	216.00	251.40	81.00	162.00	216.00	251.50	251.20	135.00	189.00	243.20	243.00	251.40	251.20
315-319	109.00	163.50	218.00	254.20	81.80	163.60	218.20	254.10	254.30	136.40	190.80	245.60	245.40	254.20	254.00
320-323	110.00	165.00	220.00	254.00	82.50	165.00	220.10	254.10	254.30	137.60	192.60	247.60	247.50	254.20	254.00
324-328	111.00	166.50	222.00	254.10	83.30	166.60	222.10	254.10	254.30	138.80	194.40	250.00	249.90	254.20	254.00
329-333	112.00	168.00	224.00	254.20	84.00	168.00	224.00	254.10	254.30	140.00	196.20	252.00	252.00	254.20	254.00
334-337	113.00	169.50	226.00	254.00	84.80	169.60	226.20	254.10	254.30	141.40	198.00	254.00	254.10	254.20	254.00
338-342	114.00	171.00	228.00	254.10	85.50	171.00	228.10	254.10	254.30	142.60	199.50	254.00	254.10	254.20	254.00
343-347	115.00	172.50	230.00	254.20	86.30	172.60	230.10	254.10	254.30	143.80	201.30	254.00	254.10	254.20	254.00
348-351	116.00	174.00	232.00	254.00	87.00	174.00	232.00	254.10	254.30	145.00	203.10	254.00	254.10	254.20	254.00
352-356	117.00	175.50	234.00	254.10	87.80	175.60	234.20	254.10	254.30	146.40	204.90	254.00	254.10	254.20	254.00
357-361	118.00	177.00	236.00	254.20	88.50	177.00	236.10	254.10	254.30	147.60	206.70	254.00	254.10	254.20	254.00
362-365	119.00	178.50	238.00	254.00	89.30	178.60	238.10	254.10	254.30	148.80	208.50	254.00	254.10	254.20	254.00
366-370	120.00	180.00	240.00	254.10	90.00	180.00	240.00	254.10	254.30	150.00	210.00	254.00	254.10	254.20	254.00
371-375	121.00	181.50	242.00	254.20	90.80	181.60	242.20	254.10	254.30	151.40	211.80	254.00	254.10	254.20	254.00
376-379	122.00	183.00	244.00	254.00	91.50	183.00	244.10	254.10	254.30	152.60	213.60	254.00	254.10	254.20	254.00
380-384	123.00	184.50	246.00	254.10	92.30	184.60	246.10	254.10	254.30	153.80	215.40	254.00	254.10	254.20	254.00
385-389	124.00	186.00	248.00	254.20	93.00	186.00	248.00	254.10	254.30	155.00	217.20	254.00	254.10	254.20	254.00
390-393	125.00	187.50	250.00	254.00	93.80	187.60	250.20	254.10	254.30	156.40	219.00	254.00	254.10	254.20	254.00
394-398	126.00	189.00	252.00	254.10	94.50	189.00	252.10	254.10	254.30	157.60	220.50	254.00	254.10	254.20	254.00
399-400	127.00	190.50	254.00	254.20	95.30	190.60	254.10	254.10	254.30	158.80	222.30	254.00	254.10	254.20	254.00

Note: "Adult" includes recipient of Mother's Benefit, regardless of age;
"Child" includes disabled recipient of Child's Benefit, age 18 and over.

Column 14 shows the total payment to a family consisting of the worker's widow, 1 child, and his father or mother. Although payment may be made separately to the widow and parents only the total is shown here. Similarly, the family in column 15 might be a widow, 2 children, and the worker's father or mother.

It is of interest to show the method of computation, particularly where benefits to surviving children are involved. A legend appears in each column of Table 3 just above the column number. It shows the fraction of primary insurance amount received by each beneficiary, and the sum of these fractions. If the total family benefit exceeds the maximum shown in column 16, the fraction of primary insurance amount for each beneficiary is multiplied by the reciprocal of the total shown in the legend. For example, consider the amount of $53.20, the first entry in column 15, which is computed as follows:

$$\frac{3}{4} \text{ (fraction of PIA) } \times \frac{4}{11} \text{ (reciprocal of total) } = \frac{3}{11}$$

$$\frac{3}{11} \cdot \$53 = \$14.45, \text{ raised to } \$14.50$$

$$\frac{5}{8} \cdot \frac{4}{11} = \frac{5}{22}$$

$$\frac{5}{22} \cdot \$53 = \$12.05, \text{ raised to } \$12.10.$$

Each "adult" receives $14.50, and each "child" receives $12.10, a total of $53.20.

Because the maximum is never less than $1\frac{1}{2}$ times the primary insurance amount, no reduction is necessary when there are 1 or 2 beneficiaries in the family, since the total fraction payable never exceeds $1\frac{1}{2}$. Reduction is necessary for some ranges of primary insurance amount where there are 3 or 4 beneficiaries, whose fractions may total from $1\frac{3}{4}$ (column 12) to $2\frac{3}{4}$ (column 15). In this range of fractions the reduction is necessary when 80% of average monthly wage is less than the given fraction of the primary insurance amount. With 5 or more beneficiaries reduction is always necessary.

Table 7 is not a complete tabulation of all possible family payments; it does show the payments for a number of possible and more usual family groups. Where there are more beneficiaries in a family than the maximum number shown in the table, total family payments for each primary insurance amount can differ from the maximum shown in column 16 by not more than 10 cents times the number of entitled individuals in the family.

V. Level-Premium Cost of Individual Benefits

The schedule of employee-employer taxes in the law, together with existing trust funds and future interest earnings, is designed to provide fully for all future benefit payments and administrative expenses so that the OASDI system as a whole is self-supporting. This section presents the results of actuarial computation based on certain individual cases, showing what the self-supporting tax rate would be if all individuals in the system were in a certain category, such as for example if all were unmarried workers entering covered employment at age 30, with a wage of $200 per month from then until their retirement.

This "equivalent tax rate" or "level-premium" cost concept is useful for many purposes of general analysis. It shows the effect of the relative benefit advantages given to the lower-paid worker and to the worker with dependents.

The costs presented relate to the OASI program only; costs for disability benefits are not included. Since a separate earnings tax is levied for the purpose of financing the disability benefits, it is possible to consider the OASI portion of the program separately.

Now that more than 90% of all employment is covered under the program, analysis of the costs for benefits earned for only a short span of covered employment during a worker's life is of relatively little interest. However, a worker is permanently insured after 10 years of covered employment and is thereafter eligible for retirement and survivor benefits, when these contingencies occur. The cost for such benefits, reflecting the effect of the minimum benefit provisions, would generally exceed the taxes levied on the earnings of a man entering covered employment at, for example, age 50 now or at some time in the future.

Tables 8-12 show examples of level-premium cost of the various OASI benefits (including the effect of the 1960 Amendments) for the male worker and his family under several assumptions as to family composition, age at first entry into covered employment, level monthly earnings (from entry until retirement or prior death), and age at retirement.

Age at first entry is taken as 20, 30, 40, or 50. The earlier ages of entry (20 and 30), of course represent more nearly typical examples than the later entry ages, which nevertheless may be considered as representing situations of short, steady employment in covered work or movement into or out of covered employment. These situations result in relatively higher costs (expressed as tax rates applied during the shorter span of employment), even though the benefits are generally lower. In all cases the "average monthly wage" for benefit purposes has been based on the maximum benefit computation years, the period from age 27 to the minimum retirement age or death, if earlier. This base period will ultimately be the only one used for benefit computations, although at the present time the provision for an elapsed period including only the years after 1955 applies and would increase benefits and thus resulting costs for entry ages 40 and 50 over those shown in the tables. Or, to put it another way, the figures for ages at entry 20 and 30 relate to entrants in or after 1959, while those for ages at entry 40 and 50 relate only to individuals who attained age 27 in or after 1956 (or thus who entered covered employment in or after 1969 and 1979, respectively).

Two retirement ages were selected: age 65, the earliest age at which retirement with full benefits is possible; and age 68, in order to show the decrease in cost for a higher retirement age (one that is close to the actual experience).

Because the amount of benefit payable based upon the primary insurance amount of the worker changes with the average monthly wage, several level earnings rates (representing earnings while actually employed) have been selected: $54, producing the minimum benefits payable; $400, producing the maximum; and intermediate amounts of $100, $200, and $300. Costs for these level wages represent approximately the costs for variable earnings producing the level wage as an average monthly wage, which is of course the more usual situation. These level wages do not represent the "average monthly wage" in the benefit computation (except for entry age 20) since, for benefit purposes, the "average monthly wage" is computed over a period that includes some years in which the worker had no covered earnings.

Secondary benefits payable are determined by the eligible dependents and survivors present. Costs have been developed for the cases of (1) a single man, (2) a man married at age 25 to a woman aged 20, (3) this couple and 1 child born at the man's age 27, (4) this couple and 2 children, the second born at the man's age 30, and (5) this couple and 3 children, the third born at the man's age 35. The data are presented only for a male worker. For a single woman, costs would be somewhat higher than those shown for a single man, reflecting both the lower mortality rates for women and the lower minimum retirement age. Cases of female workers with dependents are relatively few.

A number of assumptions are necessary as a basis for the calculations. An interest rate of 3% was used throughout. Mortality rates are from the United States Life Tables, 1949-51, for total males and total females. It is assumed that the wife is not entitled to an old-age benefit based on her own earnings and that she does not apply for a wife's benefit in reduced amount between the ages of 62 and 65. Remarriage rates based on 1956 OASI experience are used in determining costs of mother's and widow's benefits. For the children, no mortality or marriage is assumed, offsetting the fact that benefits available at and after age 18 for children disabled before reaching that age are disregarded.

The costs shown would be somewhat less if allowance had been made for reduction in benefits because of possible employment of the beneficiary. It is estimated that average level-premium costs would be reduced by about 1% of earnings if this reduction had been taken into account. From another point of view, the effect of beneficiary earnings is to delay retirement to a later age, so that the figures given for retirement at age 68 more nearly correspond to actual experience under the system.

Table 8 shows the costs based on a level monthly wage of $54. As might be expected, the costs increase sharply at higher entry ages, reflecting the effect of the minimum benefit provided and the shorter period during which taxes are paid. The data illustrate dramatically the fact, generally not well understood, that the short-term low-paid worker contributes only a small part of the cost of his benefits. Further, even the worker who is covered during his entire productive life does not contribute an amount equal to the cost of his benefits if his earnings level is low, and this is more marked when he has dependents.

Tables 9, 10, 11, and 12 shows similar data for level monthly wages of $100, $200, $300, and $400. It will be noted that there is a wide variation in the costs, which range from a low of 1.81%, in the case of a single man entering covered employment at age 20 and retiring at age 68 (level wage $400), to a high of 49.37% for a married man entering covered employment at age 50 and retiring at age 65 (level wage $54).

If the "average family" is assumed to consist of a married man with two children, covered during most of his productive years, the level-premium costs for such an average family may be summarized below:

Level Monthly Wage	Entry into Covered Employment at age 20		Entry into Covered Employment at age 30	
	Retirement at age 65	Retirement at age 68	Retirement at age 65	Retirement at age 68
$54	10.59%	9.15%	16.26%	13.84%
100	9.25	7.88	12.69	11.29
200	6.67	5.68	9.60	8.26
300	5.59	4.77	7.94	6.88
400	5.02	4.29	7.14	6.22

This range of costs is met by the graded schedule of taxes which will reach an ultimate employer-employee rate of 8½% in 1969, or an employee rate of 4¼% and a self-employed rate of 6-3/8%.

It is evident that the tax levied upon the earnings of the low-paid worker does not cover the cost of his benefits, and that part of the employer tax levied on higher earnings and the tax paid on earnings of the worker without dependents must help to finance such benefits. For a system designed primarily to achieve a basic floor of protection, rather than to assure individual equity, such a basis is essential.

Table 8

LEVEL-PREMIUM COST OF BENEFITS AS PERCENT OF LEVEL MONTHLY EARNINGS OF $54

	Retirement at Age 65, Entry at Age				Retirement at Age 68, Entry at Age			
	20	30	40	50	20	30	40	50
Old-Age Benefit	4.68%	7.41%	12.88%	27.21%	3.36%	5.26%	8.94%	17.82%
Lump-Sum Death Payment	.16	.24	.39	.70	.16	.24	.37	.63
Total Cost of Benefits to Single Man	4.84	7.65	13.27	27.91	3.52	5.50	9.31	18.45
Wife's Benefit	.87	1.39	2.47	5.44	.85	1.35	2.33	4.86
Widow's Benefit	3.75	5.97	9.78	16.02	3.67	5.78	9.26	14.32
Total Cost of Benefits to Married Man with No Children	9.46	15.01	25.52	49.37	8.04	12.63	20.90	37.63
Benefits to 1 Child and Mother	.75	.72	.08	-	.73	.69	.07	-
Total Cost of Benefits to Married Man with 1 Child	10.21	15.73	25.60	49.37	8.77	13.32	20.97	37.63
Benefits to 2 Children and Mother	1.13	1.25	.41	-	1.11	1.21	.39	-
Total Cost of Benefits to Married Man with 2 Children	10.59	16.26	25.93	49.37	9.15	13.84	21.29	37.63
Benefits to 3 Children and Mother	1.75	2.23	1.58	-	1.72	2.16	1.49	-
Total Cost of Benefits to Married Man with 3 Children	11.21	17.24	27.10	49.37	9.76	14.79	22.39	37.63

Table 9

LEVEL-PREMIUM COST OF BENEFITS AS PERCENT OF LEVEL MONTHLY EARNINGS OF $100

	Retirement at Age 65, Entry at Age				Retirement at Age 68, Entry at Age			
	20	30	40	50	20	30	40	50
Old-Age Benefit	4.51%	6.55%	8.22%	14.69%	3.24%	5.08%	6.44%	9.62%
Lump-Sum Death Payment	.16	.21	.24	.38	.16	.21	.24	.34
Total Cost of Benefits to Single Man	4.67	6.76	8.46	15.07	3.40	5.29	6.68	9.96
Wife's Benefit	.84	1.23	1.57	2.94	.82	1.30	1.68	2.63
Widow's Benefit	2.72	3.89	5.28	8.65	2.66	3.92	5.00	7.73
Total Cost of Benefits to Married Man with No Children	8.23	11.88	15.31	26.66	6.88	10.51	13.36	20.32
Benefits to 1 Child and Mother	.67	.45	.04	-	.65	.44	.04	-
Total Cost of Benefits to Married Man with 1 Child	8.90	12.33	15.35	26.66	7.53	10.95	13.40	20.32
Benefits to 2 Children and Mother	1.02	.81	.22	-	1.00	.78	.21	-
Total Cost of Benefits to Married Man with 2 Children	9.25	12.69	15.53	26.66	7.88	11.29	13.57	20.32
Benefits to 3 Children and Mother	1.58	1.52	.85	-	1.55	1.48	.81	-
Total Cost of Benefits to Married Man with 3 Children	9.81	13.40	16.16	26.66	8.43	11.99	14.17	20.32

Table 10

LEVEL-PREMIUM COST OF BENEFITS AS PERCENT OF LEVEL MONTHLY EARNINGS OF $200

	Retirement at Age 65, Entry at Age				Retirement at Age 68, Entry at Age			
	20	30	40	50	20	30	40	50
Old-Age Benefit	3.22%	4.91%	7.27%	10.24%	2.31%	3.62%	5.34%	8.02%
Lump-Sum Death Payment	.11	.16	.20	.24	.11	.16	.20	.25
Total Cost of Benefits to Single Man	3.33	5.07	7.47	10.48	2.42	3.78	5.54	8.27
Wife's Benefit	.60	.92	1.39	2.05	.58	.93	1.39	2.19
Widow's Benefit	1.93	2.93	4.01	4.48	1.89	2.89	3.90	4.49
Total Cost of Benefits to Married Man with No Children	5.86	8.92	12.87	17.01	4.89	7.60	10.83	14.95
Benefits to 1 Child and Mother	.47	.37	.02	-	.46	.36	.02	-
Total Cost of Benefits to Married Man with 1 Child	6.33	9.29	12.89	17.01	5.35	7.96	10.85	14.95
Benefits to 2 Children and Mother	.81	.68	.11	-	.79	.66	.11	-
Total Cost of Benefits to Married Man with 2 Children	6.67	9.60	12.98	17.01	5.68	8.26	10.94	14.95
Benefits to 3 Children and Mother	1.26	1.27	.49	-	1.23	1.23	.46	-
Total Cost of Benefits to Married Man with 3 Children	7.12	10.19	13.36	17.01	6.12	8.83	11.29	14.95

Table 11

LEVEL-PREMIUM COST OF BENEFITS AS PERCENT OF LEVEL MONTHLY EARNINGS OF $300

	Retirement at Age 65, Entry at Age				Retirement at Age 68, Entry at Age			
	20	30	40	50	20	30	40	50
Old-Age Benefit	2.68%	4.04%	5.83%	9.79%	1.92%	3.01%	4.29%	7.00%
Lump-Sum Death Payment	.08	.11	.17	.23	.07	.11	.16	.22
Total Cost of Benefits to Single Man	2.76	4.15	6.00	10.02	1.99	3.12	4.45	7.22
Wife's Benefit	.50	.76	1.12	1.96	.49	.77	1.12	1.91
Widow's Benefit	1.61	2.42	3.23	4.22	1.58	2.40	3.14	3.99
Total Cost of Benefits to Married Man with No Children	4.87	7.33	10.35	16.20	4.06	6.29	8.71	13.12
Benefits to 1 Child and Mother	.40	.30	.01	-	.39	.29	.01	-
Total Cost of Benefits to Married Man with 1 Child	5.27	7.63	10.36	16.20	4.45	6.58	8.72	13.12
Benefits to 2 Children and Mother	.72	.61	.09	-	.71	.59	.08	-
Total Cost of Benefits to Married Man with 2 Children	5.59	7.94	10.44	16.20	4.77	6.88	8.79	13.12
Benefits to 3 Children and Mother	1.13	1.15	.42	-	1.11	1.11	.39	-
Total Cost of Benefits to Married Man with 3 Children	6.00	8.48	10.77	16.20	5.17	7.40	9.10	13.12

Table 12

LEVEL-PREMIUM COST OF BENEFITS AS PERCENT OF LEVEL MONTHLY EARNINGS OF $400

	Retirement at Age 65, Entry at Age				Retirement at Age 68, Entry at Age			
	20	30	40	50	20	30	40	50
Old-Age Benefit	2.43%	3.64%	5.11%	8.35%	1.75%	2.73%	3.80%	5.98%
Lump-Sum Death Payment	.06	.08	.13	.20	.06	.08	.12	.19
Total Cost of Benefits to Single Man	2.49	3.72	5.24	8.55	1.81	2.81	3.92	6.17
Wife's Benefit	.45	.68	.98	1.67	.44	.70	.99	1.63
Widow's Benefit	1.46	2.17	2.82	3.63	1.43	2.16	2.76	3.43
Total Cost of Benefits to Married Man with No Children	4.40	6.57	9.04	13.85	3.68	5.67	7.67	11.23
Benefits to 1 Child and Mother	.36	.26	.01	-	.35	.26	.01	-
Total Cost of Benefits to Married Man with 1 Child	4.76	6.83	9.05	13.85	4.03	5.93	7.68	11.23
Benefits to 2 Children and Mother	.62	.57	.08	-	.61	.55	.07	-
Total Cost of Benefits to Married Man with 2 Children	5.02	7.14	9.12	13.85	4.29	6.22	7.74	11.23
Benefits to 3 Children and Mother	.97	1.07	.37	-	.95	1.04	.35	-
Total Cost of Benefits to Married Man with 3 Children	5.37	7.64	9.41	13.85	4.63	6.71	8.02	11.23

Actuarial Studies Available from the Division of the Actuary*

10. Various Methods of Financing Old-Age Pension Plans--September 1938.

14. An Analysis of the Benefits and Costs under Title II of the Social Security Act Amendments of 1939--December 1941.

16. Estimated Amount of Life Insurance Value in Force under Survivors Benefits of the Old-Age and Survivors Insurance System--January 1941.

17. New Cost Estimates for the OASI System, with the Assumption of a Static Future Wage Level--December 1942.

19. OASI 1943-44 Cost Studies--May 1944.

21. Analysis of Long-Range Cost Factors--September 1946.

22. Cost Study for Complete Coverage Program of Old-Age, Survivors, and Disability Insurance--August 1945.

23. Long-Range Cost Estimates for OASI, 1946--April 1947.

26. Present Values of OASI Benefits Awarded and in Current Payment Status, 1940-46--May 1948.

28. Long-Range Cost Estimates for Expanded Coverage and Liberalized Benefits Proposed to the OASI System by H.R. 2893--February 1949.

29. Estimates Amount of Life Insurance in Force as Survivor Benefits under OASI System--April 1949.

30. Analysis of the Benefits under Title II of the Social Security Act Amendments of 1950--February 1951.

31. Estimated Amount of Life Insurance in Force as Survivor Benefits under Social Security Act Amendments of 1950--September 1951.

32. Analysis of 346 Group Annuities Underwritten in 1946-50--October 1952.

33. Illustrative U.S. Population Projections, 1952--November 1952.

34. Analysis of the Benefits under the OASI Program as Amended in 1952--December 1952.

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* Numbers not listed are out of print.

35. Present Values of OASI Benefits in Current Payment Status 1940-52--May 1953.

36. Long-Range Cost Estimates for OASI 1953--June 1953.

37. Estimated Amount of Life Insurance in Force as Survivor Benefits under Social Security Act Amendments of 1952--August 1953.

38. Long-Range Cost Estimates for Changes Proposed in the OASI System by H.R. 7199, with Supplementary Estimates for Universal Coverage--March 1954.

39. Long-Range Cost Estimates for OASI 1954--December 1954.

40. The Financial Principle of Self-Support in the OASI System--April 1955.

41. Analysis of Benefits, OASI Program, 1954 Amendments--May 1955.

42. Present Values of OASI Benefits in Current Payment Status 1940-54--July 1955.

43. Estimated Amount of Life Insurance in Force as Survivor Benefits under OASI--1955--September 1955.

44. Analysis of 157 Group Annuity Plans Amended in 1950-54--July 1956.

45. Present Values of OASI Benefits in Current Payment Status 1940-56--May 1957.

46. Illustrative United States Population Projections--May 1957.

47. Estimated Amount of Life Insurance in Force as Survivor Benefits under OASI--1957--July 1958.

48. Long-Range Cost Estimates for Old-Age, Survivors, and Disability Insurance under 1956 Amendments--August 1958.

49. Methodology Involved in Developing Long-Range Cost Estimates for the Old-Age, Survivors, and Disability Insurance System--May 1959.

50. Analysis of Benefits, OASDI Program, 1960 Amendments--December 1960.