

Average membership was 487 in credit unions operating under State charters and 498 for those operating under the Federal act. Loans outstanding totaled \$1.6 billion, while paid-in share capital amounted to \$2 billion. The average member in a State-chartered credit union had \$279 in shares at the end of 1954, while average shareholdings among members of Federal credit unions amounted to \$259.

State-chartered credit unions held 55 percent of all assets held by credit unions in 1954. Their average assets amounted to \$160,351, compared with an average of \$142,961 for Federal credit unions.

Based on total shareholdings, there was no appreciable difference between State-chartered and Federal credit unions in the overall dividend rate—3 percent in 1954.

## Civil Service Retirement Act Amendments, 1955\*

Only one law significantly amending the Civil Service Retirement Act was enacted in 1955 by the Eighty-fourth Congress, first session. On August 11, the President signed Public Law No. 369, which increased the annuities of those then on the rolls and those who will enter before 1958. The increases were effective for October 1955. Another feature of the legislation is the liberalization of the retirement system for Members of Congress.

Perhaps the primary reason for increasing the annuities of persons now on the rolls was the enactment of recent salary increases for classified and postal employees (amounting to about 7½–8 percent), in recognition of recent cost-of-living changes. With such increases, for a given grade classification the annuity payable for those retiring several years hence would, if no change were made in the retirement provisions, be significantly larger than for those already retired and those retiring currently. Accordingly, some adjustment seemed appropriate.

Under Public Law No. 369, for annuitants on the rolls before July 1955

\* Prepared in the Division of the Actuary.

the increase (subject to a maximum provision) is 12 percent of the first \$1,500 of the annual annuity and 8 percent of the balance. The following tabulation shows the graded insurance applicable for those with an annuity commencing at different dates in the past and in the near future:

Commencing date of annuity	Percentage increase applicable to previous annuity	
	First \$1,500	Excess over \$1,500
Before July 1955.....	12	8
July-December 1955.....	10	7
January-June 1956.....	8	6
July-December 1956.....	6	4
January-June 1957.....	4	2
July-December 1957.....	2	1

The increases apply not only to the regular annuity based on the compulsory contributions but also to any additional annuity purchased by voluntary deposits of the employee (even though the latter are, of course, not affected by the pay increases).

A maximum provision limits the amount of the increases. The sum of the previous regular annuity and the increase in both the regular annuity and the voluntary annuity (if any) may not exceed \$4,104 annually (\$342 monthly). Table 1 shows how this maximum provision works out for various illustrative cases with regular and voluntary annuities of varying sizes. From one point of view, the bill discriminates in favor of those with voluntary annuities. If two individuals retired at the same time with the same total annuity, and the first had a voluntary annuity while the second did not (or had a smaller voluntary annuity), the former in some cases receives a greater increase.

The increases also affect the amounts paid to survivor annuitants whose annuities begin before 1958, with the amount of the increase based on the starting date of the survivor annuity. The increases do not apply, however, to all survivor benefits based on the earnings of present retired employees (or those retiring before 1958) but rather only

when the survivor annuity also commences before 1958. Consider, for example, the case of a retired employee whose annuity commenced in June 1955, at which time he was aged 62 and his wife was aged 60 or over. If his full annuity was \$1,500 a year, by taking an annuity reduced by 5 percent (to \$1,425) he could provide a survivor annuity of \$750 for his wife. Under the provisions of the new legislation, the employee annuity is increased by 12 percent, or to \$1,596. The amount of the widow's annuity will depend upon the date of death of the husband. Thus, if it commenced in December 1955, it would be \$825 a year (110 percent of \$750); if it were to commence in December 1957, it would be \$765 (102 percent of \$750), and if it were to commence after 1957, no increase over the previously scheduled amount of \$750 would be provided.

Approximately 300,000 annuitants benefited immediately from the enactment of this legislation. The increased cost in the first full year of operation was estimated at about \$45 million, while the total increase in cost over all future years, allowing for discounting at 3-percent compound interest, is about \$450 million. No provision was made in the legis-

Table 1.—Illustrative annual increases in civil service retirement annuities granted under Public Law No. 369 to annuitants who retired before July 1955

Total	Amount of annuity before increase		Amount of increase <sup>1</sup>	
	Regular	Voluntary	Based on formula <sup>2</sup>	Based on maximum <sup>3</sup>
\$1,000	(4)	(4)	\$120	(5)
2,000	(4)	(4)	220	(5)
3,000	(4)	(4)	300	(5)
4,000	\$4,000	-----	380	\$104
4,000	3,500	\$500	380	604
4,000	3,000	1,000	380	1,104
5,000	5,000	-----	460	0
5,000	4,500	500	460	0
5,000	4,000	1,000	460	104
5,000	3,500	1,500	460	604
5,000	3,000	2,000	460	1,104

<sup>1</sup> Actual increase is smaller of figures shown in 2 columns below.

<sup>2</sup> 12 percent of first \$1,500 of total annuity before increase, plus 8 percent of remainder.

<sup>3</sup> \$4,104 minus regular annuity (before increase).

<sup>4</sup> Distribution between regular annuity and voluntary annuity does not affect the amount of increase.

<sup>5</sup> Not applicable to this case.

lation for financing this increased cost, which thus must be met over the future by increased Government contributions.

The remainder of the legislation affected the retirement system for Members of Congress, established in the Civil Service Retirement Act. Many provisions applicable to general Government employees are also applicable to Members of Congress, but certain provisions—including the method of computing annuities—are different.

Previously a Member of Congress who had other credited Government service could not include it with his congressional service in computing his annuity. If he had at least 5 years of other service, he could re-

ceive a separate annuity based on that service; otherwise he could receive only a refund of contributions for the other service. Public Law No. 369 provides that all or any part of other service may be included with the congressional service. Such other service is creditable only if performed before his separation from service as a Member of Congress and only if he is separated from that service after July 1, 1955. The annuity is based on his average pay as a Member of Congress since August 1946, and on the percentages used in computing annuities based only on each type of service under the provisions covering such service alone. The annuity will be computed as the sum of the following:

(1) 2½ percent of average pay as a Member of Congress since August 1946, multiplied by years of service in Congress and creditable military service.

(2) 2½ percent of average pay as a Member of Congress since August 1946, multiplied by creditable years of service as an employee of Congress (not in excess of 15 years).

(3) 1½ percent of average pay as a Member of Congress since August 1946, multiplied by years of all other creditable service.

The law will greatly increase the annuities of Members of Congress who retire in the future with substantial amounts of relatively low-paid service in some other branch of the Government.

## Recent Publications\*

### Social Security Administration

BUREAU OF PUBLIC ASSISTANCE. *State Methods for Establishing Workload and Staffing Standards*. Washington: The Bureau, June 1955. 17 pp. Processed. Limited free distribution; apply to the Bureau of Public Assistance, Social Security Administration, Washington 25, D. C.

CHILDREN'S BUREAU. *Leadership Through Consultation: How a State Welfare Department Builds Strengths in Agencies Providing Group Care for Children*. Washington: The Bureau, 1955. 44 pp. Processed.

Report of a regional conference held in Nashville, Tenn., in November 1954. Limited free distribution; apply to the Children's Bureau, Social Security Administration, Washington 25, D. C.

GREVILLE, T. N. E. *Present Values of OASI Benefits in Current Payment Status, 1940-54*. (Actuarial Study No. 42.) Washington: Division of the Actuary, July 1955. 18 pp. Processed. Limited free distribution; apply to the Division of the

Actuary, Social Security Administration, Washington 25, D. C.

INTERNATIONAL SERVICE. OFFICE OF COMMISSIONER. *Observation as a Way of Learning for International Social Workers*. Washington: The Service, June 1955. 19 pp. Processed. Limited free distribution; apply to International Service, Social Security Administration, Washington 25, D. C.

INTERNATIONAL SERVICE. OFFICE OF COMMISSIONER. *Social Workers Abroad Assess Their Training in the United States*. (International Technical Cooperation Series, No. 4.) Washington: The Service, 1955. 27 pp. Processed. Limited free distribution; apply to International Service, Social Security Administration, Washington 25, D. C.

LOURIE, REGINALD S. "Delinquency Prevention—A Health Worker's Job, Too." *Children*, Washington, Vol. 2, Sept.-Oct. 1955, pp. 168-172. 25 cents.

MACDOUGALL, J. A. *Analysis of Benefits, OASI Program, 1954 Amendments*. (Actuarial Study No. 41.) Washington: Social Security Administration, Division of the Actuary, May 1955. 48 pp. Processed. Limited free distribution; apply to Division of the Actuary, Social Security Administration, Washington 25, D. C.

THORNHILL, MARGARET A. "Unprotected Adoptions." *Children*,

Washington, Vol. 2, Sept.-Oct. 1955, pp. 179-184.

A report on an investigation into the "black market" in babies.

### General

BUCHANAN, NORMAN S., and ELLIS, HOWARD S. *Approaches to Economic Development*. New York: Twentieth Century Fund, 1955. 494 pp. \$5.

An analysis of economic problems of underdeveloped areas.

CUBER, JOHN F., and KENKEL, WILLIAM F. *Social Stratification in the United States*. New York: Appleton-Century-Crofts, Inc., 1954. 359 pp. \$4.

"Family Allowance Scheme in the Federal Republic of Germany." *Industry and Labour*, Geneva, Vol. 13, June 1, 1955, pp. 519-521. 25 cents.

GARCIA CRUZ, MIGUEL. *La Seguridad Social: Bases, Evolucion, Importancia Economica, Social y Politica*. Mexico City: Instituto Mexicano del Seguro Social, 1955. 231 pp.

The nature of social security and information on the various national systems, with a special chapter on Mexico's program.

GUATEMALA. INSTITUTO GUATEMALTECO DE SEGURIDAD SOCIAL. *Informe Anual de la Gerencia, Ejercicio Julio 1954 - Junio 1955*. Guatemala City: The Institute, 1955. 64 pp. Processed.

The 1955 report on Guatemala's program, which provides cash and medical benefits for work-connected

\*Prepared in the Library, Department of Health, Education, and Welfare. Orders for items listed should be directed to publishers and booksellers; Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.