

**Table 2.—Estimated number of orphans under age 18, by type and by age, July 1, 1955<sup>1</sup>**

[In thousands]

Age	Orphans under age 18				
	Total		Father only dead	Mother only dead	Both parents dead
	Number	Per-cent of child population			
Total.....	2,700	4.8	1,830	820	60
0-4.....	180	.9	130	50	( <sup>2</sup> )
5-9.....	600	3.5	410	180	10
10-14.....	1,020	7.6	690	310	20
15-17.....	900	13.1	600	280	30

<sup>1</sup> Estimated in accordance with procedures developed by the Division of the Actuary. See the *Bulletin*, March 1955, pp. 17-19.

<sup>2</sup> Less than 5,000.

formed a relatively small proportion—only one-sixth—of the 3.5 million widows under age 65. Fewer than 1 in 25 were under age 35. More than half were aged 55-64.

Orphans also are much more heavily concentrated at the older than at the younger ages, as shown in table 2. Moreover, the younger the child is, the more frequent the insurance benefits, as shown by the following figures on the proportion of paternal orphans with old-age and survivors insurance benefits in current-payment status at the end of December 1954:

Age	Percent
Under 5 .....	64
5-9 .....	60
10-14 .....	57
15-17 .....	41

The higher beneficiary rates for younger children mean that benefits are most likely to go to those for whom income support is most urgent, when the mother should be in the home to care for a young child instead of being away at work. This difference, however—at least below the age when children may start work—is likely to disappear in the future because it reflects the fact that the older the orphan the more likely it is that his father had died at a time when the coverage of the old-age and survivors insurance program was more restricted.

## Old-Age Insurance Benefit Awards, January-June 1955

During the first half of 1955, old-age benefits were awarded to nearly 511,000 persons, a record number. The previous high, established in the first 6 months of 1951, was due primarily to the liberalized insured-status provisions of the 1950 amendments. The sharp increase in January-June 1955 was due mainly to the liberalization in the retirement test under the 1954 amendments. These later provisions, which became effective

in January 1955, changed the earnings test for wage earners from a monthly to an annual basis, raised to \$1,200 the amount that beneficiaries can earn in a year before any benefits are withheld, and lowered from 75 to 72 the age at which beneficiaries can receive benefits regardless of the amount of their earnings. Thus, many persons between age 72 and age 75 and others under age 72 with moderate earnings, who had delayed filing for benefits because they were working in covered employment, filed and began receiving monthly benefits.

*Method of benefit computation.*—

**Table 1.—Percentage distribution of old-age benefits awarded in January-June 1955, by benefit-computation method and sex**

[Based on 10-percent sample]

Benefit-computation method	Total	Male	Female
Total number.....	510,796	361,787	149,009
Total percent.....	100	100	100
Benefit based on earnings after 1936.....	23	20	30
Benefit based on earnings after 1950.....	77	80	70
Total percent.....	100	100	100
Beneficiary not eligible for the dropout.....	16	15	18
Benefit based on earnings after 1936.....	8	7	9
Benefit based on earnings after 1950.....	8	8	9
Beneficiary eligible for the dropout.....	84	85	82
Benefit based on earnings after 1936.....	15	13	21
Beneficiary not eligible for benefit based on earnings after 1950.....	10	8	15
Beneficiary eligible for benefit based on earnings after 1950.....	5	4	6
Benefit based on earnings after 1950.....	69	72	61
1952 benefit formula plus 1954 conversion table.....	3	2	7
1954 benefit formula.....	65	70	54

**Table 2.—Number, percentage distribution, and average monthly amount of old-age benefits awarded in January-June 1955, by starting date used in benefit computation, age, and sex**

[Based partly on 10-percent sample]

Age <sup>1</sup>	Total			Male			Female		
	Number	Per-cent	Average monthly amount	Number	Per-cent	Average monthly amount	Number	Per-cent	Average monthly amount
Total.....	510,796	100	\$70.91	361,787	100	\$76.73	149,009	100	\$56.80
65-69.....	334,941	66	69.28	226,750	63	75.74	108,191	73	55.74
70-74.....	130,322	26	75.55	100,441	28	80.00	29,881	20	60.62
75-79.....	40,309	8	71.89	30,947	9	75.97	9,362	6	58.40
80 and over.....	5,224	1	52.13	3,640	1	54.07	1,575	1	47.62
Based on earnings after 1950.....	394,850	100	77.40	290,208	100	82.79	104,642	100	62.45
65-69.....	237,564	60	77.44	168,545	58	83.48	69,019	66	62.69
70-74.....	116,684	30	78.78	90,651	31	83.30	26,033	25	63.06
75-79.....	36,238	9	75.30	28,033	10	79.58	8,205	8	60.69
80 and over.....	4,364	1	55.90	2,979	1	58.82	1,385	1	49.60
Based on earnings after 1936.....	115,946	100	48.81	71,579	100	52.12	44,367	100	43.46
65-69.....	97,377	84	49.38	58,205	81	53.34	39,172	88	43.49
70-74.....	13,638	12	47.93	9,790	14	49.44	3,848	9	44.09
75-79.....	4,071	4	41.52	2,914	4	41.26	1,157	3	42.20
80 and over.....	860	1	32.99	670	1	32.94	190	( <sup>2</sup> )	33.17

<sup>1</sup> Age on birthday in 1955.

<sup>2</sup> Less than 0.5 percent.

About 84 percent of the beneficiaries awarded old-age benefits in the first half of 1955 were eligible for the dropout—that is, up to 5 years of lowest earnings could be excluded in the calculation of their average monthly wage (table 1). A worker is eligible for the dropout if he has 6 quarters of coverage after June 1953, or if he first becomes eligible (that is, fully insured and aged 65 or over) for old-age benefits after August 1954. Of the awards made in 1954 under the 1954 amendments, only 24 percent were eligible for the dropout—a percentage that is understandably low since (1) awards in this period included a large proportion made to beneficiaries first eligible for benefits before September 1954, and (2) the fourth quarter of 1954 marked the first time beneficiaries could qualify for the dropout on the basis of 6 quarters of coverage after June 1953.

It was recognized that the percentage eligible for the dropout would increase rapidly, leaving ineligible only a small group—those who have been eligible for benefits since August 1954 or earlier and who do not have sufficient work after June 1953. The figure for the first half of 1955 also showed the effect of the liberalized retirement test; virtually all workers filing because of that provision qualify for the dropout.

Awards to persons whose benefits were based on earnings after 1950 and who were eligible for the dropout are likely to be typical of future awards; this group made up 69 percent of all old-age benefit awards made in January–June. In 1954, only 16 percent of the old-age benefits awarded under the 1954 amendments

**Table 3.—Average old-age benefits awarded in January–June 1955, by benefit-computation method and sex**

[Based on 10-percent sample; average benefits shown to the nearest dollar]

Benefit-computation method	Total		
	Total	Male	Female
Total.....	\$71	\$77	\$57
Beneficiary not eligible for the dropout.....	49	53	41
Beneficiary eligible for the dropout.....	75	81	60
Benefit based on earnings after 1936.....	53	58	47
Benefit based on earnings after 1950.....	80	85	65

**Table 4.—Number, percentage distribution, and average monthly amount of old-age benefits awarded in January–June 1955 to beneficiaries eligible for the dropout,<sup>1</sup> by starting date used in benefit computation, age, and sex**

[Based on 10-percent sample]

Age <sup>2</sup>	Total			Male			Female		
	Number	Per cent	Average monthly amount	Number	Per cent	Average monthly amount	Number	Per cent	Average monthly amount
Total.....	428,542	100	\$75.10	306,255	100	\$81.02	122,287	100	\$60.29
65-69.....	286,901	67	72.61	195,238	64	79.26	91,663	75	58.43
70-74.....	107,043	25	81.12	84,011	27	85.15	23,032	19	66.43
75-79.....	31,655	7	78.08	24,988	8	82.26	6,667	5	65.27
80 and over.....	2,943	1	60.91	2,018	1	63.54	925	1	55.16
Based on earnings after 1950.....	351,750	100	79.83	260,998	100	84.98	90,752	100	65.01
65-69.....	215,047	61	79.23	153,363	59	85.17	61,684	68	64.45
70-74.....	103,123	29	81.74	81,255	31	85.78	21,868	24	66.70
75-79.....	30,789	9	79.26	24,458	9	82.77	6,331	7	65.72
80 and over.....	2,791	1	62.12	1,922	1	64.77	869	1	56.25
Based on earnings after 1936.....	76,792	100	53.45	45,257	100	58.14	31,535	100	46.71
65-69.....	71,854	94	52.79	41,875	93	57.62	29,979	95	46.05
70-74.....	3,920	5	64.99	2,756	6	66.59	1,164	4	61.22
75-79.....	866	1	58.04	530	1	58.82	336	1	56.81
80 and over.....	132	( <sup>3</sup> )	38.75	96	( <sup>3</sup> )	39.01	56	( <sup>3</sup> )	38.30

<sup>1</sup> Beneficiaries eligible for the exclusion of up to 5 years of lowest earnings in the calculation of the average monthly wage.

<sup>2</sup> Age on birthday in 1955.

<sup>3</sup> Less than 0.5 percent.

**Table 5.—Number and percentage distribution of old-age benefits awarded in January–June 1955, by starting date used in benefit computation, amount of monthly benefit, and sex**

[Based partly on 10-percent sample]

Amount of monthly benefit	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
Total.....	510,796	100	361,787	100	149,009	100
\$30.00.....	56,370	11	27,598	8	28,772	19
30.10-39.90.....	29,774	6	14,950	4	14,824	10
40.00-49.90.....	30,209	6	16,099	4	14,110	9
50.00-59.90.....	36,849	7	20,310	6	16,539	11
60.00-69.90.....	73,897	14	42,371	12	31,526	21
70.00-79.90.....	74,541	15	51,411	14	23,130	16
80.00-89.90.....	57,449	11	46,728	13	10,721	7
90.00-99.90.....	151,202	30	141,815	39	9,387	6
100.00-103.50.....	505	( <sup>1</sup> )	505	( <sup>1</sup> )	0	0
Average benefit.....	\$70.91		\$76.73		\$56.80	
Based on earnings after 1950.....	394,850	100	290,208	100	104,642	100
\$30.00.....	19,413	5	8,128	3	11,285	11
30.10-39.90.....	18,259	5	8,798	3	9,461	9
40.00-49.90.....	15,333	4	7,721	3	7,612	7
50.00-59.90.....	19,136	5	9,575	3	9,561	9
60.00-69.90.....	57,027	14	31,177	11	25,850	25
70.00-79.90.....	62,717	16	41,410	14	21,307	20
80.00-89.90.....	51,258	13	41,079	14	10,179	10
90.00-99.90.....	151,202	38	141,815	49	9,387	9
100.00-103.50.....	505	( <sup>1</sup> )	505	( <sup>1</sup> )	0	0
Average benefit.....	\$77.40		\$82.79		\$62.45	
Based on earnings after 1936.....	115,946	100	71,579	100	44,367	100
\$30.00.....	36,957	32	19,470	27	17,487	39
30.10-39.90.....	11,515	10	6,152	9	5,363	12
40.00-49.90.....	14,876	13	8,378	12	6,498	15
50.00-59.90.....	17,713	15	10,735	15	6,978	16
60.00-69.90.....	16,870	15	11,194	16	5,676	13
70.00-79.90.....	11,824	10	10,001	14	1,823	4
80.00-88.50.....	6,191	5	5,649	8	542	1
Average benefit.....	\$48.81		\$52.12		\$43.46	

<sup>1</sup> Less than 0.5 percent.

**Table 6.—Number and percentage distribution of old-age benefits awarded in January-June 1955 to beneficiaries eligible for the dropout,<sup>1</sup> by starting date used in benefit computation, amount of monthly benefit, and sex**

[Based on 10-percent sample]

Amount of monthly benefit	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
Total.....	428,542	100	306,255	100	122,287	100
\$30.00.....	26,149	6	10,401	3	15,748	13
30.10-39.90.....	18,012	4	8,033	3	9,979	8
40.00-49.90.....	22,992	5	11,046	4	11,946	10
50.00-59.90.....	29,829	7	15,309	5	14,520	12
60.00-69.90.....	63,337	15	34,522	11	28,815	24
70.00-79.90.....	68,432	16	46,454	15	21,978	18
80.00-89.90.....	53,578	12	43,339	14	10,239	8
90.00-99.90.....	145,708	34	136,646	45	9,062	7
100.00-103.50.....	505	( <sup>2</sup> )	505	( <sup>2</sup> )	0	0
<i>Average benefit</i> .....	\$75.10		\$81.02		\$60.29	
Based on earnings after 1950.....	351,750	100	260,998	100	90,752	100
\$30.00.....	11,082	3	4,103	2	6,979	8
30.10-39.90.....	10,863	3	4,848	2	6,015	7
40.00-49.90.....	12,347	4	5,730	2	6,617	7
50.00-59.90.....	16,003	5	7,594	3	8,409	9
60.00-69.90.....	49,056	14	25,437	10	23,619	26
70.00-79.90.....	58,206	17	37,894	15	20,312	22
80.00-89.90.....	47,980	14	38,241	15	9,739	11
90.00-99.90.....	145,708	41	136,646	52	9,062	10
100.00-103.50.....	505	( <sup>2</sup> )	505	( <sup>2</sup> )	0	0
<i>Average benefit</i> .....	\$79.83		\$84.98		\$65.01	
Based on earnings after 1936.....	76,792	100	45,257	100	31,535	100
\$30.00.....	15,067	20	6,298	14	8,769	28
30.10-39.90.....	7,149	9	3,185	7	3,964	13
40.00-49.90.....	10,645	14	5,316	12	5,329	17
50.00-59.90.....	13,826	18	7,715	17	6,111	19
60.00-69.90.....	14,281	19	9,085	20	5,196	16
70.00-79.90.....	10,226	13	8,560	19	1,666	5
80.00-88.50.....	5,598	7	5,098	11	500	2
<i>Average benefit</i> .....	\$53.45		\$58.14		\$46.71	

<sup>1</sup> Beneficiaries eligible for the exclusion of up to 5 years of lowest earnings in the calculation of the

average monthly wage.  
<sup>2</sup> Less than 0.5 percent.

were based on earnings after 1950 and awarded to persons eligible for the dropout.

For some workers, the dropout of years with low earnings does not produce a significant increase in the average monthly wage. If the worker had low earnings, it is often more advantageous to him to apply the 1952 benefit formula to the average monthly wage, calculated without the dropout, and to increase the resulting amount by means of the 1954 conversion table. Of those workers eligible for a benefit computation based on earnings after 1950 with the dropout, about 5 percent were awarded higher old-age insurance benefits under this alternative method of computation (for men, 3 percent; for women, 10 percent).

In some instances, workers eligible for a benefit computation based on earnings after 1950 were awarded higher benefits when the computation was based on earnings after

1936. Among workers eligible for a benefit computation based on earnings after 1950 with the dropout, about 7 percent were awarded higher old-age benefits based on earnings after 1936 (for men, 6 percent; for women, 9 percent).

In all, about 23 percent of the old-age benefits awarded in the first 6 months of 1955 were based on earnings after 1936; this percentage varied from 18 percent among persons eligible for the dropout to 48 percent among those not eligible.

*Age distribution.*—Awards to persons benefited by the liberalization in the retirement test had a significant effect on the age distribution. Of all workers aged 65-74 who filed for benefits as a result of these liberalizations, it is estimated that about half were aged 72-74. Consequently, old-age benefit awards to persons aged 70-74 made up 26 percent of the total in the first half of 1955 (table 2), compared with 17 percent

in 1954. As in previous years, awards of benefits based on earnings after 1936 were concentrated at age 65; many persons in this group had no current earnings and filed for benefits as soon as they reached the retirement age.

*Average monthly benefit.*—The average old-age benefit awarded in January-June 1955 was \$70.91, an increase of \$4.55 from the average monthly amount awarded in 1954 under the 1954 amendments. The higher average benefit was due chiefly to the increase in the proportion of beneficiaries eligible for a benefit computation with the dropout. The average monthly amount awarded on the basis of earnings after 1950 to persons eligible for the dropout was \$79.83 (for men, \$84.98; for women, \$65.01) (tables 3 and 4).

*Distribution by size of benefit.*—A provision of the 1954 amendments raised the maximum taxable annual earnings from \$3,600 to \$4,200, beginning in 1955. The maximum old-age benefit award in 1954 was \$98.50, based on an average monthly wage of \$300; the maximum possible in the first half of 1955 was \$103.50, based on an average monthly wage of \$325. For old-age benefit awards in the first 6 months of 1955, minimum benefits of \$30 were payable in 11 percent of the cases (table 5), while benefits of \$90 or more were payable in 30 percent of the cases. The corresponding figures for 1954 awards under the 1954 amendments were 15 percent and 27 percent, respectively. The shift toward higher benefits was due chiefly to the larger proportion of beneficiaries eligible for the dropout who were awarded benefits based on earnings after 1950; only 3 percent of them received the minimum amount and 42 percent received \$90 or more (table 6).

## Life Insurance In Force As Survivor Benefits Under OASI, 1955 \*

Estimates have recently been made of the amount of life insurance that would have to be in force under

\* Prepared in the Division of the Actuary, Social Security Administration.