

Federal Civil-Service Annuitants and Social Security

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FEDERAL GOVERNMENT civilian workers are one of the few groups that are not covered by the old-age, survivors, disability, and health insurance (OASDHI) program, which now includes more than 9 out of 10 of all workers in the United States. Instead, Federal workers are covered by their own separate programs, designed to meet the staff requirements of the Federal career service.

There is considerable interest in the relation between the principal program for Federal workers—the civil-service retirement system—and OASDHI. The two systems are virtually independent of each other. One can receive benefits from both programs at the same time or fail to qualify for benefits under either because of movement between jobs and insufficient wage credits under either system alone. Various proposals have been made for coordination of the two systems.

In their reports on the Social Security Amendments of 1967, the House Ways and Means Committee and the Senate Finance Committee included a request that the Social Security Administration conduct a study of the problems involved in social security coverage of Federal workers.¹ To obtain current information the Social Security Administration, with the cooperation of the Civil Service Commission, made a special study both of employee annuitants (excluding survivors) under the civil-service system and of active Federal employees, based on the records of both agencies. This article presents some of the findings on the annuitants. The technical note at the end of the article describes the source of the data and the estimating procedures.

THE ANNUITANTS

There were 580,771 civil-service employee annuitants as of June 30, 1967. Of these, 497,609

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¹ Social Security Administration, *Relating Social Security Protection to the Federal Civil Service* (Report Requested by the Committee on Ways and Means, U.S. House of Representatives, and the Committee on Finance, U.S. Senate), January 1969.

persons or 86 percent of the total were included in the study. About two-thirds of the annuitants studied had been retired after completing age-and-service requirements, and 29 percent were retired for disability (table 1).² Employees retiring for disability may retire at any age after completing 5 years of service. About 9 percent of the annuitants were under age 55, generally the earliest age when voluntary retirement for age and service is possible. Law enforcement officers may retire at age 50 after 20 years of service.

Employees retired involuntarily—by a reduction in force, for example, or perhaps through political vulnerability—may also be younger than the employee who retires under the usual age-and-service provisions. These employees receive an immediate annuity if they have completed 25 years of service or are at least aged 50 and have completed 20 years of service. Only 3 percent of the annuitants in the study were retired involuntarily.

The age of the annuitants shown in the basic tables is their current age (as of June 30, 1967) and not their age at retirement. About two-thirds of them are aged 65 and over, and half of this group are aged 72 and over.

About half had retired from the Government before 1961. The percentage distribution by the year their civil-service annuity began is as follows:

<i>Period</i>	<i>Percent</i>
Before 1951	7.9
1951-55	11.7
1956-60	28.5
1961-65	42.6
1966	7.8
1967	1.5

Three-fourths of the annuitants were men, and one-fourth were women. The women tended to have fewer years of Government service than the men. Thirty-five percent of the men had 30 or

² Unlike OASDHI beneficiaries, civil-service annuitants who are retired for disability are classified as disabled even after they reach retirement age. Disabled social security beneficiaries are automatically transferred to retired status upon reaching age 65.

TABLE 1.—Civil-service annuitants: Number as of June 30, 1967, and percentage distribution, by sex, type of retirement, and years of service

Characteristic	All annuitants		Men		Women	
	Number	Percent	Number	Percent	Number	Percent
Age						
Total.....	497,609	100.0	373,725	100.0	123,884	100.0
Under 55.....	45,217	9.1	35,218	9.4	9,999	8.1
55-59.....	40,296	8.1	31,260	8.4	9,036	7.3
60-64.....	71,179	14.3	51,819	13.8	19,360	15.6
65-71.....	170,117	34.2	124,515	33.3	45,602	36.8
72 and over.....	170,799	34.3	130,912	35.0	39,887	32.2
Type of retirement						
Total.....	497,609	100.0	373,725	100.0	123,884	100.0
Disability.....	142,636	28.7	107,955	28.9	34,681	28.0
Age and service.....	334,804	67.3	249,760	66.8	85,044	68.6
Mandatory, 15 years' service.....	36,189	7.3	26,758	7.2	9,431	7.6
Optional, 30 years' service.....	125,411	25.2	105,883	28.3	19,528	15.8
Optional, 12-29 years' service.....	107,570	21.6	73,654	19.7	33,916	27.4
Immediate, 5-11 years' service.....	24,188	4.9	16,478	4.4	7,720	6.2
Deferred, 5 years or more.....	41,436	8.3	26,987	7.2	14,449	11.7
Involuntary.....	14,873	3.0	10,936	2.9	3,937	3.2
All other ¹	5,296	1.1	5,074	1.4	222	.2
Years of service						
Total.....	497,609	100.0	373,725	100.0	123,884	100.0
Less than 5 ²	1,440	.3	866	.2	574	.5
5-9.....	48,485	9.7	33,135	8.9	15,350	12.4
10-14.....	65,929	13.2	45,598	12.2	20,331	16.4
15-19.....	84,195	16.9	58,077	15.5	26,118	21.1
20-24.....	86,176	17.3	61,647	16.5	24,529	19.8
25-29.....	56,469	11.3	43,575	11.7	12,894	10.4
30-34.....	68,473	13.8	55,080	14.7	13,393	10.8
35-39.....	51,488	10.3	44,367	11.9	7,121	5.7
40-44.....	27,244	5.5	24,417	6.5	2,827	2.3
45 or more.....	7,710	1.5	6,963	1.9	747	.6

¹ Optional, 20 years of service, aged 50; for Members of Congress; and through transfers from other systems.

² Less than 5 years of retirement contributions but at least 5 years' service.

more years of service, but only 19 percent of the women had that many years. Overall, the average number of years of service for all annuitants was 23; for men it was 24 years and for women 20 years.

The following tabulation gives the number and percentage distribution of civil-service annuitants by amount of the monthly civil-service annuity received as of June 30, 1967.

Monthly annuity	Number	Percentage distribution
Total.....	497,609	100.0
Less than \$50.....	33,394	6.7
\$50-99.....	56,567	11.4
100-149.....	68,510	13.8
150-199.....	78,121	15.7
200-249.....	76,065	15.3
250-299.....	54,807	11.0
300-349.....	42,730	8.6
350-399.....	28,635	5.8
400-449.....	19,493	3.9
450-499.....	12,224	2.5
500-599.....	13,488	2.7
600-699.....	6,515	1.3
700 or more.....	7,060	1.4

Seventy-four percent of the annuitants were receiving less than \$300 a month, and 18 percent were receiving less than \$100. Only 5 percent were receiving \$500 a month or more. The average monthly civil-service annuity in June 1967 was about \$230—more than two and one-half times as much as the average social security benefit (\$85) going to all retired workers in the same month.³

The civil-service system is structured to provide a more generous annuity than that provided under the Social Security Act, since all the employee's wages are included and the maximum wage-replacement level at retirement is 80 percent. Under the OASDHI program only earnings up to \$7,800 are included, and the replacement levels for earnings at the maximum covered amount is

³ Under the OASDHI program, additional amounts are paid to the eligible spouse of a retired worker (up to 50 percent more) and to dependent children; the civil-service system has no provision for dependents' benefits.

TABLE 2.—Civil-service annuitants: Number, by type of retirement, and, as percent of total, OASDHI beneficiary status as of February 1968¹ and OASDHI insured status as of January 1, 1967

Type of retirement	All annuitants	Nonbeneficiaries				Beneficiaries			
		Not insured		Insured ²		Benefits in current payment status ³		Benefits not in current payment status ⁴	
		Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total
Total.....	497,609	220,104	44.2	63,043	12.7	202,462	40.7	12,000	2.4
Disability.....	142,636	59,262	41.5	41,428	29.0	40,438	28.4	1,508	1.1
Age and service.....	334,804	150,805	45.1	15,832	4.7	158,058	47.2	10,009	3.0
Mandatory, 15 years' service.....	36,189	15,899	43.9	478	1.3	18,978	52.4	834	2.3
Optional, 30 years' service.....	125,411	80,478	64.2	7,834	6.2	33,802	27.0	3,297	2.6
Optional, 12-29 years' service.....	107,570	43,106	40.1	3,751	3.5	58,270	54.2	2,443	2.3
Immediate, 5-11 years' service.....	24,198	3,532	14.6	530	2.2	19,709	81.4	427	1.8
Deferred, 5 years or more.....	41,436	7,890	19.0	3,239	7.8	27,299	65.9	3,008	7.3
Involuntary.....	14,873	7,485	50.3	4,660	31.3	2,439	16.4	289	1.9
All other.....	5,296	2,452	46.3	1,123	21.2	1,527	28.8	194	3.7

¹ With benefits in force; includes those transitionally insured and "special age 72" beneficiaries.

² Fully or permanently insured.

³ Benefits actually paid during the month.

⁴ Benefits withheld during the month because of work or other reasons.

about 34 percent for a single individual and about 50 percent for a man and wife.⁴

Most civil-service annuitants, of course, do not achieve a wage-replacement ratio of 80 percent since such a ratio would require at least 41 years and 11 months of service. According to a wage-replacement estimate devised for this study and explained in more detail later in the article, the median replacement ratio for all annuitants from their civil-service annuity was 33 percent.

Social Security Status

As of February 1968, 40.7 percent of the annuitants were also receiving social security (OASDHI) cash benefits—that is, they had benefits in current-payment status. This ratio is almost identical to that recorded in the 1965 Civil Service Commission survey of 1964 annuitant income. In that study, 40.4 percent of the annuitants reported that they had received income from social security benefits. This proportion is higher (43 percent in February 1968) when annuitants are related to the number of benefits in force—that is, when the OASDHI beneficiary count includes those whose benefits are being withheld because they returned to work or for other reasons (table 2).

⁴ The \$7,800 maximum was first effective January 1, 1968. Before that date, the maximum was \$6,600 for 1966-67; \$4,800 for 1959-65; \$4,200 for 1955-58; \$3,600 for 1951-54; and \$3,000 for 1937-50.

Almost all of the civil-service annuitants who were also OASDHI beneficiaries had insured status under the regular OASDHI requirements. Only 2,504 persons or about 0.5 percent of the annuitants had benefits in current-payment status under the transitional or "special" provisions that apply to persons aged 72 and over with little or no social security coverage. Under the 1966 law establishing the special benefits, the payments (now \$40 a month for a single person, and \$60 for a couple) are reduced by the amount of any benefit from a government pension system, including the civil-service system. Eligibility for this type of benefit is thus very limited for civil-service annuitants.

Some annuitants have acquired insured status under OASDHI, though they are not as yet beneficiaries. Thirteen percent had enough quarters of covered employment to be fully or permanently insured as of January 1, 1967.⁵ Many of these persons may be expected to become beneficiaries when they reach retirement age.

More than half (54 percent) of the group without insured status had no creditable earnings under OASDHI. These persons made up a fourth of all annuitants. As the following tabulation shows, 81 percent of those with no earnings under OASDHI were aged 65 and over, and there is little likelihood that they will ever acquire insured status under the regular OASDHI provisions.

⁵ Those who are fully insured only are generally persons who will need additional quarters of coverage to become eligible for benefits at retirement age.

Age	No OASDHI earnings	
	Number	Percent
Total	120,710	100.0
Under 55	1,646	1.4
55-59	6,492	5.4
60-61	4,728	3.9
62-64	9,988	8.3
65-71	42,578	35.3
72 and over	55,278	45.8

The recency and extent of OASDHI coverage for all annuitants and for newly retired annuitants are shown in table 3. Seventy-one percent of the beneficiaries and 45 percent of the nonbeneficiaries had their first year of covered employment in the period 1937-50. Only 16 percent of the beneficiaries completed their coverage during this period, however, and more than half had their last year of coverage after 1960.

The proportion of nonbeneficiaries without any earnings creditable under the OASDHI program appears to be declining among the more recently retired. Forty-two percent of all the nonbeneficiaries had no coverage, but among those who retired from 1961 to 1965 the proportion was only 32 percent. Of the 1966 retirees, only 23 percent had no coverage, and 17 percent of the 1967 re-

tirees were without coverage. For those who retired in 1966 and 1967, coverage must have been acquired either before their entrance into Government service or concurrently with Government service.

Overall, a fourth of the beneficiaries and a fifth of the nonbeneficiaries had their last year of covered employment in 1966 (the most recent year for which figures were available for this study). Although it can be assumed that subsequently some of these persons withdrew from the labor market, many may still be working. (OASDHI beneficiaries may continue to work and acquire quarters of coverage while receiving benefits since they are allowed a certain amount of earnings before benefits are reduced or cut off entirely.)

Beneficiaries and Nonbeneficiaries

Characteristics of OASDHI beneficiaries and of nonbeneficiaries are shown in table 4. The beneficiary group had higher proportions of men and of persons aged 65 and older than the nonbeneficiaries had. There were fewer persons with

TABLE 3.—Civil-service annuitants: Percentage distribution of total and of those with retirement in selected years, by period of OASDHI coverage, OASDHI beneficiary status as of February 1968,¹ and first and last years of OASDHI covered earnings

Period of OASDHI coverage	All annuitants		Annuitants with retirement in selected years					
	Beneficiaries	Non-beneficiaries	1961-65		1966		1967	
			Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries
Total number	214,462	283,147	78,338	133,833	9,236	29,342	1,829	5,869
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1937-50	70.8	44.7	81.6	52.4	89.1	65.2	88.0	72.7
1951-55	13.8	4.3	8.5	4.2	7.7	5.7	8.9	6.2
1956-60	10.2	3.5	3.7	2.1	2.1	2.9	2.0	3.1
1961-65	3.7	4.4	5.7	6.8	.8	1.1	.9	1.0
1966	.1	1.6	.1	2.5	0	1.9	0	.2
No coverage	1.3	41.6	.4	32.1	.2	23.2	.2	16.7
First year under OASDHI ²								
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1937-50	70.8	44.7	81.6	52.4	89.1	65.2	88.0	72.7
1951-55	13.8	4.3	8.5	4.2	7.7	5.7	8.9	6.2
1956-60	10.2	3.5	3.7	2.1	2.1	2.9	2.0	3.1
1961-65	3.7	4.4	5.7	6.8	.8	1.1	.9	1.0
1966	.1	1.6	.1	2.5	0	1.9	0	.2
No coverage	1.3	41.6	.4	32.1	.2	23.2	.2	16.7
Last year under OASDHI ²								
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1937-50	15.9	17.9	20.6	18.8	24.0	26.9	19.7	29.0
1951-55	13.9	6.8	16.2	7.2	23.4	11.3	28.9	15.6
1956-60	17.7	5.8	11.1	4.7	18.8	10.3	19.6	13.7
1961-65	25.0	6.8	20.7	7.4	15.2	7.1	15.4	10.3
1966	26.3	21.1	31.0	29.9	18.3	21.4	16.1	14.8
No coverage	1.3	41.6	.4	32.1	.2	23.2	.2	16.7

¹ With benefits in force; includes those transitionally insured and "special age 72" beneficiaries.

² Year in which there was at least 1 quarter with \$1 or more of reported earnings.

TABLE 4.—Civil-service annuitants: Percentage distribution by beneficiary status as of February 1968¹ and by sex, age, years of civil-service employment, and average civil-service salary

Characteristic	All annuitants	Beneficiaries	Non-beneficiaries
Sex			
Total percent.....	100.0	100.0	100.0
Men.....	75.1	80.0	71.4
Women.....	24.9	20.0	28.6
Age			
Total percent.....	100.0	100.0	100.0
Under 55.....	9.1	.8	15.3
55-64.....	22.4	9.2	32.4
65-71.....	34.2	43.3	27.3
72 and over.....	34.3	46.7	25.0
Median.....	69	72	66
Years of service			
Total percent.....	100.0	100.0	100.0
Less than 5.....	.2	.3	.3
5-9.....	9.7	14.9	5.8
10-19.....	30.1	38.1	24.2
20-29.....	28.6	25.5	31.1
30-39.....	24.1	16.5	29.9
40 or more.....	7.0	4.7	8.8
Median.....	23	19	26
Average salary ²			
Total percent.....	100.0	100.0	100.0
Less than \$3,000.....	13.3	18.3	9.4
3,000-4,199.....	18.4	21.7	15.8
4,200-5,399.....	28.9	29.5	28.4
5,400-6,599.....	19.7	16.3	22.3
6,600-7,799.....	8.6	6.6	10.2
7,800 or more.....	11.2	7.6	13.9
Median.....	\$4,967	\$4,566	\$5,249
Monthly annuity			
Total percent.....	100.0	100.0	100.0
Less than \$50.....	6.7	12.4	2.4
50-99.....	11.4	18.4	6.0
100-149.....	13.8	17.4	11.0
150-199.....	15.7	14.1	16.9
200-249.....	15.3	12.5	17.4
250-299.....	11.0	9.5	12.2
300-349.....	8.6	6.5	10.2
350-399.....	5.8	3.6	7.4
400 or more.....	11.8	5.5	16.6
Median.....	\$208	\$156	\$239

¹ With benefits in force; includes those transitionally insured and "special age 72" beneficiaries.

² As computed for civil-service retirement purposes, by averaging earnings in the 5 consecutive years that give the highest dollar amount.

30 years or more of Government service among the beneficiaries and more persons with less than 20 years. The proportion of beneficiaries with less than \$3,000 of average salary, as computed at the time of retirement, was double that of the non-beneficiary group. Only 14 percent of the beneficiaries, compared with 24 percent of the non-

beneficiaries, had average salaries of \$6,600 or more. The median salary for nonbeneficiaries was \$5,249, and it was \$4,566 for beneficiaries. Generally lower salaries as well as shorter years of service resulted in a lower median annuity for the beneficiaries (\$156) than for the nonbeneficiaries (\$239).

DUAL BENEFICIARIES

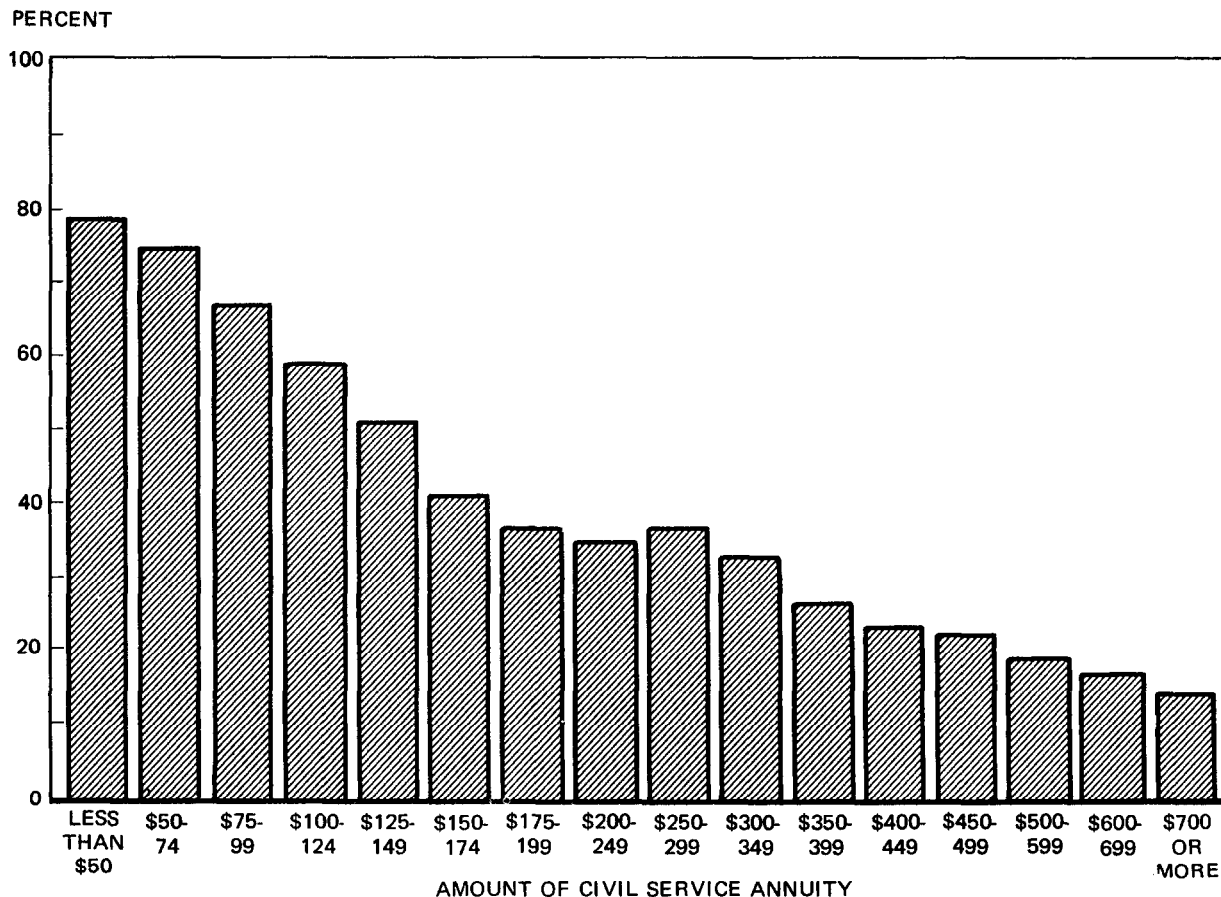
Those civil-service annuitants who are also OASDHI beneficiaries and thus "dual beneficiaries" acquired insured status for social security benefits in various ways.⁶ Some have spent a good part of their working life in covered employment—either before or after Government employment. The 14 percent who had deferred retirements—those who left the Federal service before retirement age but did not withdraw their retirement contributions—undoubtedly include many who had considerable covered employment between leaving Government service and the time when they claimed their civil-service annuity. Other dual beneficiaries may have had some coverage before entering the Federal service and completed acquiring insured status under OASDHI either through part-time work or after retiring under age-and-service or disability requirements.⁷

Chart 1 illustrates the inverse relationship between OASDHI beneficiary status and the amount of the civil-service annuity. As the monthly amounts go up, the proportion of the annuitants who also receive OASDHI benefits almost invariably goes down. About 80 percent

⁶ The analysis in this section is limited by the inability to determine the complete civil-service employment pattern of the annuitants in relation to their work under OASDHI. It is not possible, for example, to identify those civil-service annuitants who are "moonlighting"—that is, holding down dual jobs during their Government service. The civil-service records on which this study is based did not show the years of actual Government employment or year-by-year Government earnings.

⁷ Employment after retirement for disability is possible because the civil-service definition of disability does not denote inability to perform all kinds of work but only inability to work at the Government job in which the individual has been employed or a similar position. Disability annuitants under age 60 have their annuities stopped if their earning capacity is restored. Earning capacity is considered restored if in each of 2 consecutive calendar years the annuitants' income from wages or self-employment, or both, is at least 80 percent of the current salary of the position from which he retired.

CHART 1.—Dual beneficiaries: Percent of all annuitants, by amount of civil-service annuity



of those with less than \$50 a month from their annuities were also OASDHI beneficiaries: the proportion was 14 percent for those with \$700 a month or more. This difference reflects the fact that the large annuity amounts usually result from long periods of Federal Government service and those with a substantial amount of Federal service are less likely to qualify for OASDHI benefits through outside employment (chart 2). Another factor may be that those with relatively large annuities find it less imperative financially to become eligible for OASDHI benefits than those with small annuities.

OASDHI Employment Pattern

The OASDHI employment pattern for dual beneficiaries retiring after 1950 is shown in table

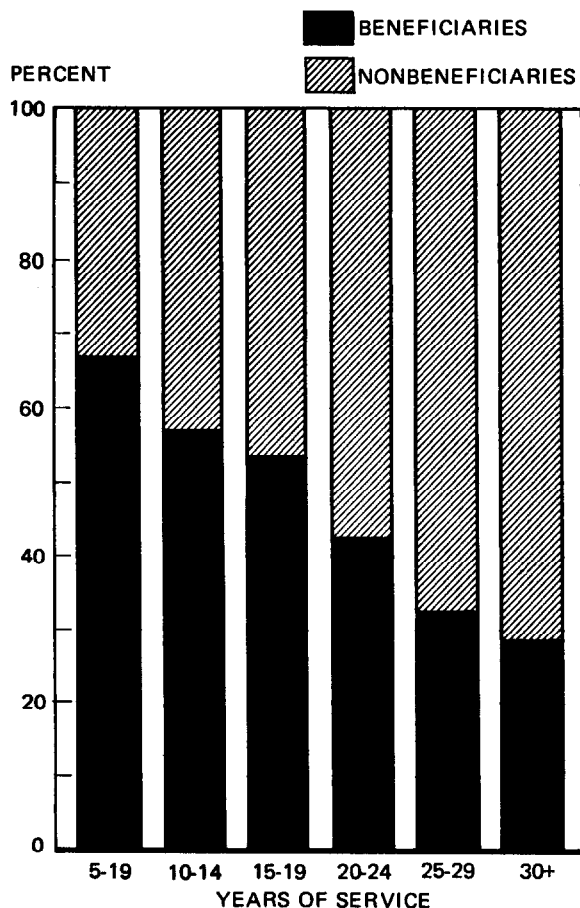
5.⁸ Forty-two percent of the dual beneficiaries had no covered employment after they retired and began to receive their civil-service annuities.

About 58 percent of those retired for age and service and 48 percent of those retired for disability reasons had some covered employment after retiring from the Government and receiving an annuity. Men were more likely than women to work after retirement. Few of the beneficiaries, however, had all of their covered employment after their civil-service annuity began. As table 5 shows, only 9 percent fell into this category. For about a fourth, 50 percent or more of their covered employment occurred after retirement.

Adding together those who had no covered employment after they retired and those who had less than half their OASDHI employment follow-

⁸ For deferred retirees, since the date of actually leaving the Government is unknown, the proportion of post-Government employment experience is understated.

CHART 2.—Civil-service annuitants: Percent with and without OASDHI benefits, by years of service



ing retirement results in a total of 72 percent who had completed all or most of their covered work before receiving their civil-service annuity checks.

The largest group with a major portion of their coverage in post-Government employment had retired under the "optional, 30 years service" provision, which permits retirement at age 55 for those with 30 years' service. Only 11 percent of this group had no employment after retiring from Federal service, and 53 percent had at least half their OASDHI employment after retiring (table 5). These proportions probably reflect the fact that most of the early retirees came under this provision and the younger retirees find it easier to obtain employment.

A Civil Service Commission study of about 3,300 "early" retirees who were aged 55-60 when they retired in 1956, 1959, and 1962 under the "55-30" provision gives us some information on the type of postretirement jobs held by these annuitants. The report stated:

The majority of those who retired early have worked some since leaving Government—usually for short periods of time and in less demanding and less than full-time jobs. A higher proportion of postal employees, especially clerk-carriers, worked than did employees in any other pay system or occupation. Those who held scientific, engineering, or other professional positions in Government ranked next highest, followed by blue-collar and technical workers, and other white-collar workers.

Over half of all who have worked at any time since leaving Government, however, did so only tempo-

TABLE 5.—Dual beneficiaries:¹ Number, by type of retirement, and percentage distribution by extent of OASDHI employment occurring after annuity began

Type of retirement	Number	Percentage distribution, by extent of OASDHI employment after annuity began								
		Total	No OASDHI earnings on record ²	No OASDHI employment after annuity began	With OASDHI employment after annuity began, by percent of all OASDHI employment					
					Total	1-24 percent	25-49 percent	50-74 percent	75-99 percent	100 percent
Total.....	193,464	100.0	1.0	42.4	56.6	16.0	14.1	9.7	7.7	9.1
Men.....	153,522	100.0	1.0	39.7	59.3	16.6	14.6	10.2	8.4	9.5
Women.....	39,942	100.0	1.2	52.9	45.8	13.4	12.3	7.7	4.9	7.5
Disability.....	36,335	100.0	.5	51.8	47.7	15.3	13.4	9.4	3.5	6.1
Age and service.....	153,668	100.0	1.2	40.8	58.1	16.2	14.3	9.6	8.4	9.6
Mandatory, 15 years' service.....	18,870	100.0	.2	51.8	47.9	12.5	11.2	8.8	5.2	10.2
Optional, 30 years' service.....	32,804	100.0	2.1	10.9	87.0	7.7	11.2	14.8	25.8	27.5
Optional, 12-29 years' service.....	59,222	100.0	.7	59.4	39.9	15.3	10.6	5.7	3.7	4.6
Immediate, 5-11 years' service.....	15,842	100.0	.5	55.6	43.8	18.8	13.3	7.1	2.1	2.5
Deferred, 5 years or more.....	26,930	100.0	.4	20.5	79.1	30.0	28.8	14.1	3.5	2.7
Involuntary.....	2,179	100.0	.2	15.2	84.7	12.3	19.5	18.2	19.3	15.4
All other ³	1,282	100.0	.4	16.1	83.5	11.5	9.4	11.6	21.8	29.2

¹ Includes only those OASDHI beneficiaries whose annuity began in 1951 and after—90 percent of all dual beneficiaries with OASDHI benefits in force February 1968.

² Beneficiaries entitled to "special age 72" benefits or to regular benefits

through transfer of military credits, railroad retirement credits, and other technical reasons.

³ Optional, 20 years' service, for Members of Congress; and through transfers from other systems.

rarily, part-time or occasionally. An unknown, but substantial, number of those who worked at some time after retiring no longer do so. Well over half put in fewer hours on the job than they did in Government; only 187 worked more hours outside than in the Federal service.

Most who have worked seem to have taken easier jobs than they had in Government. Many have been self-employed, and many others went into service occupations. Most of the postretirement jobs have been in clerical or administrative fields, with unskilled, semi-skilled, and technical employment next most frequently reported. Very few early retirees (218) said that they have done professional work since they left. The kinds of postretirement jobs listed and write-in comments indicate clearly that postretirement earnings are usually modest. One person explained that there is quite a demand in private industry for retired civil servants because salaries are not high (mostly nearer the minimum wage law), and young people cannot raise families on the small income.⁹

Years Employed

The average number of years of covered employment under OASDHI (1937-66) for the dual beneficiaries receiving regular benefits was 10.5. This is the number of years in which the beneficiaries had any covered earnings. Fifty-nine percent had 10 years or less of OASDHI-covered earnings and 41 percent had more than 10 years. Table 6 relates the number of years of civil service to the number of years of covered employment. Generally, the beneficiary group with the fewest years of civil service had the highest proportion of beneficiaries with more than 10 years of OASDHI employment. Nevertheless, even among those with 20 or more years of service one-fourth had more than 10 years of employment.

OASDHI Earnings

It has sometimes been assumed that all Federal Government workers who become dual beneficiaries have relatively trivial earnings (\$50 a quarter) under OASDHI-covered employment since the Federal service is their primary employment. This assumption is not validated by the findings of the study.

Interpretation of the earnings data is limited

⁹ Elizabeth F. Messer, "Thirty-Eight Years is a Plenty." *Civil Service Journal*, October-December 1964, page 8.

TABLE 6.—Dual beneficiaries:¹ Percentage distribution by years of civil-service employment and by years employed under OASDHI, 1937-66

Years of civil-service employment	Total	Years employed under OASDHI, 1937-66					
		0-2	3-6	7-10	11-14	15-18	19 or more
Total number	208,721	3,956	56,986	63,116	39,516	23,510	21,637
Total percent	100.0	1.9	27.3	30.2	18.9	11.3	10.4
Under 10.....	100.0	.7	11.4	19.2	21.6	19.8	27.2
10-19.....	100.0	1.1	22.6	29.2	22.1	13.9	11.0
20-29.....	100.0	2.1	36.5	36.1	14.7	6.3	4.2
30-39.....	100.0	3.6	35.1	34.1	17.0	6.2	4.1
40 or more.....	100.0	5.4	41.5	29.5	13.2	5.7	4.7

¹ OASDHI beneficiaries are those with benefits in force as of February 1968; excludes those transitionally insured, and "special age 72" beneficiaries. Number of years employed before 1961 estimated.

because a span of 29 years (1937-66) is involved and the earnings of the beneficiaries occurred at various times during this period when wage levels were very different. It is apparent, however, that most of the dual beneficiaries had substantial incomes from nongovernment employment. Their actual earnings could also have been higher than the amount credited because of the maximum on creditable earnings in the Social Security Act.

Table 7 shows that median cumulative earnings credited under OASDHI for all dual beneficiaries was \$11,721. The medians for the various Government salary groups show somewhat contradictory trends. The lowest salary group (under \$3,000) had the second highest OASDHI median earnings. On the other hand, the highest salary group also had the highest earnings.

It may be that the relatively high earnings for the lowest salary group means that this group contained many workers who had both retired some years ago and spent a good part of their working lives under OASDHI-covered employ-

TABLE 7.—Dual beneficiaries:¹ Number and median OASDHI earnings, 1937-66, by average salary in civil-service employment

Average salary in civil-service employment ²	Number of dual beneficiaries	Median OASDHI earnings, 1937-66
Total.....	208,721	\$11,721
Under \$3,000.....	37,429	15,127
3,000-4,199.....	44,879	10,468
4,200-5,399.....	61,770	10,654
5,400-6,599.....	34,520	10,791
6,600-7,799.....	14,100	12,213
7,800-10,199.....	10,203	13,799
10,200 or more.....	5,820	17,774

¹ OASDHI beneficiaries are those with benefits in force as of February 1968; excludes those transitionally insured and "special age 72" beneficiaries.
² As computed for civil-service retirement purposes, by averaging earnings in the 5 consecutive years that give the highest dollar amount.

ment. Although it is not possible from the study data to relate year of retirement and years of service to salary, this theory is partly substantiated by an examination of the salary figures for those who had retired under the "5 years and over, deferred" provision. More than 17,000 persons who had retired under this provision had an average salary of less than \$3,000. As can be seen from table 7, they accounted for almost half (47 percent) of the dual beneficiaries with average salaries under \$3,000 and median cumulative earnings of \$15,127. These persons would not only tend to have had substantial nongovernment employment but would have completed their Government service at a time when salary levels were lower.

At the other end of the salary distribution, those who had both high Government salaries and high OASDHI cumulative earnings were probably mobile persons who had well-paid positions in both the Government and private employment or professionals who had outside earnings while they were working for the Government.

OASDHI BENEFITS

Characteristics of Beneficiaries

For all dual beneficiaries (including those with and without dependent benefits) the average

TABLE 8.—Dual beneficiaries:¹ Number and average monthly amount of OASDHI family benefit in current-payment status, end of February 1968, for OASDHI beneficiaries with and without dependents, by age of beneficiary

Age of beneficiary ²	Total		Average benefit
	Number	Percent	
All beneficiaries.....	202,460	100.0	\$ 96.30
With dependents.....	64,270	31.7	130.20
Without dependents.....	138,190	68.3	80.53
Under age 55.....	1,745	100.0	161.80
With dependents.....	993	56.9	204.50
Without dependents.....	752	43.1	105.42
Aged 55-59.....	1,041	100.0	123.60
With dependents.....	260	25.0	184.00
Without dependents.....	781	75.0	103.49
Aged 60-61.....	1,722	100.0	74.30
With dependents.....	251	14.6	120.00
Without dependents.....	1,471	85.4	66.50
Aged 62-64.....	15,497	100.0	72.40
With dependents.....	2,677	17.3	108.70
Without dependents.....	12,820	82.7	64.82
Aged 65-71.....	85,671	100.0	93.00
With dependents.....	24,881	29.0	125.50
Without dependents.....	60,790	71.0	79.70
Aged 72 and over.....	96,784	100.0	102.10
With dependents.....	35,208	36.4	132.70
Without dependents.....	61,576	63.6	84.60

¹ Includes those transitionally insured and "special age 72" beneficiaries.

² As of June 1967.

TABLE 9.—Dual beneficiaries and all OASDHI beneficiaries: Percentage distribution of retired-worker benefits in current-payment status, end of February 1968, by monthly benefit amount

Monthly benefit amount	All OASDHI retired-worker beneficiaries ¹	Dual beneficiaries ^{1,2}	
		Percentage distribution	Percent of total beneficiaries
Total number.....	12,094,523	199,984
Total percent.....	100.0	100.0	1.7
0-\$55.00.....	16.9	34.7	2.5
\$55.10-69.90.....	10.4	13.3	2.1
70.00-84.90.....	12.4	12.6	1.7
85.00-99.90.....	11.9	10.1	1.4
100.00-129.90.....	24.5	19.0	1.3
130.00 and over.....	23.8	10.3	.7

¹ Excludes those transitionally insured and "special age 72" beneficiaries.

² Includes 4,508 beneficiaries under age 62 who are presumably receiving disability benefits under OASDHI and a small but undetermined number aged 62-64 receiving such benefits.

monthly OASDHI family benefit being received as of February 1968 was \$96.30 (table 8). A little less than a third received benefits for their dependents, and the average for these beneficiaries was \$130.20. For those persons without dependents eligible for benefits the average monthly benefit was \$80.53.

The distribution by age shows that beneficiaries under age 60—presumably those receiving OASDHI disability benefits—had the highest average benefits, probably because their covered earnings were of more recent date than those of the older beneficiaries. Persons aged 62-64 had the lowest average benefits, probably because they were receiving reduced "early" retirement benefits.¹⁰

For purposes of comparison, table 9 presents the percentage distribution of the amount of monthly worker benefits (without dependent benefits) for all regular OASDHI beneficiaries and for the civil-service regular dual beneficiaries. The proportion of civil-service dual beneficiaries at the \$55-and-below level is more than twice that for all OASDHI beneficiaries. This benefit category shows the most striking difference.

Another category with a large percentage difference is that for benefits amounting to \$130 or more. Almost a fourth of all OASDHI beneficiaries were in this benefit group but only a tenth of the civil-service beneficiaries. The proportion

¹⁰ Benefits for retired workers who choose to take them before age 65 are reduced actuarially, and the reduction continues throughout the period of entitlement. Retirement age was lowered to 62 for women in 1956 and for men in 1961.

of civil-service dual beneficiaries to OASDHI beneficiaries at each level is, of course, not large. Civil-service dual beneficiaries were 1.7 percent of all OASDHI beneficiaries. At the minimum benefit level, they represented 2.5 percent of the total.

Another difference between civil-service dual beneficiaries and all OASDHI beneficiaries is shown in the following tabulation of the proportion in each group with reduced benefits as of February 1968:

Sex	Percent with reduced benefits ¹	
	Dual beneficiaries	OASDHI retired workers
Total.....	27	38
Men.....	24	28
Women.....	39	52

¹ For the dual beneficiaries the data shown are for those with OASDHI benefits in force. This figure includes 6 percent more dual beneficiaries than those with benefits in current-payment status—the status of the benefits for the OASDHI retired workers represented above. The “in force” data for dual beneficiaries and “in current-payment” data for retired workers are the only roughly comparable data available.

Relatively fewer dual beneficiaries were receiving a reduced benefit, particularly among the women. Some of the dual beneficiaries, of course, had to work until age 65 in order to acquire insured status under OASDHI. It is also possible that fewer of the civil-service annuitants with OASDHI insured status took a reduced benefit (even though no longer working) because their civil-service pension made it unnecessary. The proportion of women dual beneficiaries who took the reduced benefit is still sizable, nevertheless—a reflection perhaps of their earlier retirement and lower annuities in comparison with men.

Benefits at the Minimum

Dual beneficiaries who receive a primary insurance amount (PIA)¹¹ at the minimum and thus a minimum or low monthly social security benefit are of particular interest because of the weighting factor in the benefit formula. The minimum

¹¹ The primary insurance amount, derived from the earnings record, is used as a base for computing benefits and is not necessarily the actual amount paid. The data on PIA show the direct economic relationship between earnings and benefits before family status or the decision to take reduced benefits determines the size of the actual benefit.

PIA represents a replacement of at least 74 percent of average monthly earnings covered under OASDHI; at the maximum level the replacement is about 34 percent.

The weighted benefit formula was designed to provide a more nearly adequate benefit for those with very low wages. Some concern has therefore been expressed that certain beneficiaries—particularly ex-government workers with annuities from Federal, State, or local retirement systems—received heavily weighted benefits based upon supplemental part-time or short-term covered work.

Currently, the most heavily weighted PIA's are below \$79. A minimum PIA of \$55 results from average monthly earnings of \$74 or less. The following tabulation—which gives the median cumulative earnings (1937–66) of dual beneficiaries by PIA, as well as the average number of years employed—shows a direct correlation between these earnings and the PIA. As the amount of earnings rises, the PIA also rises.

PIA	Median cumulative earnings	Mean years employed
\$55.....	\$3,800	6.6
55.10-59.00.....	8,700	8.5
60.00-64.00.....	10,300	9.1
65.00-69.00.....	12,200	9.9
70.00-84.00.....	13,800	10.9
85.00-99.00.....	17,300	12.1
100.00-129.00.....	23,800	13.1
130.00 or more.....	34,000	16.3

There is also a direct correlation between the amount of the PIA and the average number of years under covered OASDHI employment of the dual beneficiaries. These relationships between PIA, employment, and earnings are hardly unexpected since the computation of the PIA is based on OASDHI employment and earnings. The figures show also that there is a substantial gap in employment and earnings (particularly earnings) between those at the minimum and those at the next level of PIA.

Table 10 reveals some additional characteristics of dual beneficiaries at the minimum and higher PIA levels. Of the dual beneficiaries, about a third had a minimum PIA. Three-fourths of those at the minimum were men and one-fourth were women. There was a higher proportion of women at the minimum than at any other level.

About two-fifths of the beneficiaries with the minimum PIA had less than 20 years of Govern-

TABLE 10.—Dual beneficiaries:¹ Number and percentage distribution by sex, years of civil-service employment, and monthly amount of civil-service annuity and by primary insurance amount for OASDHI benefit

Characteristic	Total number	Distribution, by primary insurance amount of OASDHI benefits							
		Total	\$55	\$55.10-69.90	\$70.00-84.90	\$85.00-99.90	\$100.00-129.90	\$130.00-159.90	\$160 or more
Total number.....	208,721		68,679	25,717	25,739	22,889	40,452	24,595	650
Total percent.....		100.0	32.9	12.3	12.3	11.0	19.4	11.8	.3
Sex									
Total percent.....	208,721	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Men.....	167,468	89.2	74.3	82.6	82.9	81.2	80.6	89.9	88.5
Women.....	41,253	19.8	25.7	17.4	17.1	18.8	19.4	10.1	11.5
Years of civil-service employment									
Total percent.....	208,721	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than 5 years.....	594	.3	.2	.2	.3	.4	.4	.4	.2
5-9.....	31,544	15.1	5.8	8.4	11.6	16.4	26.4	31.7	31.7
10-14.....	36,776	17.6	10.0	15.6	19.2	22.3	24.9	22.8	23.2
15-19.....	43,220	20.7	22.3	27.2	24.1	19.0	16.6	14.4	14.3
20-24.....	35,615	17.1	27.1	22.6	13.4	10.1	7.8	9.1	10.3
25-29.....	17,572	8.4	12.5	8.0	7.0	6.7	5.1	6.1	6.8
30 or more.....	43,400	20.8	22.1	18.0	24.4	25.1	18.9	15.5	13.5
Monthly civil-service annuity									
Total percent.....	208,721	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than \$50.....	26,097	12.5	4.6	6.1	8.7	12.5	20.5	31.8	24.3
\$50-99.....	38,699	18.6	12.8	16.4	18.8	21.5	25.6	22.1	22.9
100-149.....	36,412	17.5	17.9	19.5	19.1	18.1	17.2	12.4	13.4
150-199.....	29,347	14.0	18.2	17.0	14.5	11.7	9.8	8.3	8.3
200-249.....	25,901	12.4	16.0	14.3	12.4	11.0	8.7	7.7	7.7
250-299.....	19,797	9.5	11.4	10.1	9.7	9.8	7.6	6.3	5.7
300-349.....	13,450	6.4	7.9	6.8	7.0	6.4	4.8	4.1	4.3
350-399.....	7,458	3.6	4.6	3.8	3.9	3.4	2.3	2.3	3.1
400 or more.....	11,560	5.5	6.6	6.0	6.0	5.5	3.4	4.9	10.3

¹ OASDHI beneficiaries are those with benefits in force as of February 1968; excludes those transitionally insured and "special age 72" beneficiaries.

ment service. Another 27 percent had 20-24 years of service. A fifth of those at the minimum were what may be termed "full-career" Federal employees—those with 30 years of service or more. This proportion is about the same as their representation in the total number of dual beneficiaries.

Generally speaking, there is a higher proportion of persons with shorter periods of civil-service employment among the above-minimum PIA groups than at the minimum. This is to be expected since presumably persons with short periods of Government service have the opportunity to be employed in full-time outside jobs for a substantial period and to qualify for more than minimum PIA levels.

Persons with 20-29 years of Government service present a departure from the pattern when they are compared with those with 30 years or more of service. Their representation at the higher PIA levels was proportionately much less than that for the latter group. In fact, about

half the group with 20-29 years' service had minimum PIA's but only about a third of the 30-year-service group. Less than 20 percent of the service group with fewer than 15 years' service had PIA's at the minimum. The departure from the pattern for persons with 20-29 years of service is somewhat surprising. One would expect these annuitants to have a much better opportunity to work outside the Government in a normal working lifetime than those who had spent 30 or more years in Government service.

One explanation may be that since those with 20-29 years of service generally had to be at least aged 62 before being able to retire,¹² most of their outside employment occurred before entering the civil service. Thus part of their employment may have predated the start of the social security program in 1937 and their covered earnings were

¹² The provision for retirement at age 60 with 20 years of service did not come into effect until July 1966.

probably under the \$3,000 limit on creditable earnings in effect until 1951. Those with 30 years or more of Government service, on the other hand, are more likely to have postretirement earnings, perhaps because they could retire as early as age 55. As pointed out earlier, 53 percent of those retiring under the "optional, 30 years service" provision had at least half of their OASDHI employment after retiring from the Federal Government. The fact that their earnings tend to be more recent may account for their higher PIA's.

About half of those with PIA's of \$100 or more a month had civil-service monthly annuities of less than \$100; the proportion was only 17 percent for those at the minimum PIA (table 10). That is, there tends to be an inverse relationship between the level of the PIA and the amount of the annuity. This relationship probably reflects the dominance of one type of employment over another. When a dual beneficiary had civil service as his primary employment, the annuity was high and the PIA low. When an OASDHI-covered job was the primary employment, the annuity was low and the PIA high. This relationship did not always hold true, however, since some beneficiaries had both high PIA's and high annuities and some with minimum PIA's had low civil-service annuities.

As the foregoing analysis shows, dual beneficiaries receiving a minimum PIA cannot be readily characterized. They are a diverse group. In addition, the inability to determine the complete civil-service and OASDHI employment pattern of the annuitants leaves some unanswered questions on the nature of their covered employment: to what extent does it represent full-time part-year employment or part-time full-year employment? To what extent does it represent full-time work at low wages or part-time work at high wages? These are some of the questions that await further study.

WAGE REPLACEMENT

A wage-replacement ratio was devised to determine if qualifying for an OASDHI benefit enabled civil-service annuitants to replace a very high proportion—even 100 percent—of their pre-retirement earnings. This ratio relates the annual combined civil-service annuity and OASDHI benefit to the average of the high-5-year earnings

computed under civil service. However, the benefit amounts are those currently payable and the high-5-year earnings represent figures calculated at the time of retirement. An adjustment thus was needed in the latter to avoid overstatement of the wage-replacement ratio for most annuitants who retired when wage levels were much lower. To produce a hypothetical wage base that would be the current equivalent of the "high-5" earnings at time of retirement, a wage index was applied in each case that allowed for the rise in salary levels since retirement. (See technical note at end of article.)

It should be noted that the adjusted earnings figure does not take into account earnings from OASDHI-covered employment. This is because of methodological problems in computing a figure that would be a fair representation of immediate preretirement income for a group whose OASDHI employment history involved such diverse circumstances. Some had all their covered earnings either before entering Government service or after retiring from civil service. For many, OASDHI employment was on an intermittent or interrupted basis, and there is thus no real relationship between these earnings and the "normal" wage income just before retirement. The combined benefits were therefore divided by adjusted civil-service earnings only. In interpreting the figures it should be remembered that if OASDHI coverage were included the wage-replacement ratios for the dual beneficiaries would be lower.

CHART 3.—Median wage-replacement ratio of civil service salaries for annuitants with and without OASDHI benefits

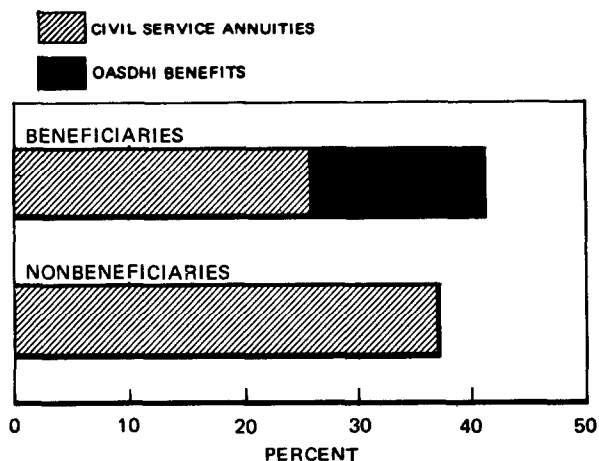


TABLE 11.—Dual beneficiaries with OASDHI family benefits:¹ Percentage distribution by estimated ratio (percent) of combined annuity and OASDHI benefits to civil-service salary² and by monthly amount of OASDHI family benefit

Estimated wage-replacement ratio (percent)	Total	OASDHI family benefits								
		\$66.00 or less		\$66.10-82.40	\$82.50	\$82.60-99.90	\$100.00-139.90	\$140.00-179.90	\$180.00-219.90	\$220.00 or more
		Transitional and special age-72	Regular							
Total number	184,153	5,396	61,198	28,749	7,899	21,266	37,260	13,059	7,027	2,299
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
0-10	(³)	.2	(³)			(³)	(³)	(³)		
10-19	1.6	6.3	2.4	1.4	.6	.9	.7	.9	.6	1.0
20-29	15.3	24.9	19.8	17.3	9.9	15.0	12.1	6.4	5.4	3.8
30-39	29.9	30.5	31.2	31.9	24.6	32.6	31.8	21.6	21.2	8.7
40-49	27.8	22.6	29.2	27.0	29.1	27.0	27.0	29.3	29.1	16.5
50-59	15.0	10.6	11.3	13.8	22.7	15.3	17.2	21.5	20.7	20.7
60-69	6.0	2.7	3.6	4.9	7.2	5.1	7.0	13.0	12.9	19.5
70-79	2.6	1.0	1.8	2.6	4.2	2.3	2.1	3.7	5.8	17.2
80-89	.8	.4	.2	.5	1.0	.7	1.0	1.5	1.7	6.7
90-99	.3	.1	.1	.1	.1	.2	.3	.6	.9	2.2
100 or more	.7	.5	.3	.5	.5	.7	.8	1.7	1.8	3.8

¹ With OASDHI family benefits in force February 1968; civil-service annuity as of June 1967; excludes beneficiaries with deferred civil-service annuities.

² As computed for civil-service retirement purposes by averaging earnings

in the 5 consecutive years that give the highest dollar amount; salary was adjusted for rising wage levels.

³ Less than 0.05 percent.

Chart 3 compares the median wage-replacement ratios of beneficiaries and nonbeneficiaries. For the annuitant receiving social security benefits, the median civil-service annuity represented 26 percent of his adjusted "high-5" average salary. When social security benefits (including dependents' benefits) are included, the median wage-replacement ratio rises to 41 percent. The latter is only a little higher than the ratio of 37 percent for the annuitant not receiving social security benefits.

Three-fourths of the dual beneficiaries had less than half of their civil-service salaries replaced by the combined social security benefit and civil-service annuity (table 11).¹³ Less than 1 percent of these dual beneficiaries had 100 percent or more replacement of their civil-service salaries, and less than 2 percent had 80 percent or more replacement.

In the lowest and most heavily weighted OASDHI regular benefit interval (\$66 and less), only three-tenths of 1 percent had replacement of 100 percent or more. Among those receiving social security benefits lower than \$140, the proportion with 100 percent or more never reached 1 percent.

¹³ Those with deferred civil-service annuities were omitted from this detailed table because of the limitations of the data with respect to these annuitants. Since they actually left Government employment an unknown number of years before receiving an annuity, their wage-replacement ratio was overstated when their salary was adjusted only by the date their annuity began.

For 12 percent of the dual beneficiaries with benefits of \$140 or more, there were more with relatively higher replacement ratios. This was partly because many with benefits in this interval had dependents' benefits in addition to their worker benefits. Nevertheless, except for the 2,300 beneficiaries with benefits of \$220 or more, the majority had wage-replacement ratios that were less than half their adjusted civil-service salaries.

For most dual beneficiaries, including those receiving minimum OASDHI benefits, it is apparent that total benefits under the two systems are not inordinately high in relation to earlier Government earnings. In fact, it would be unusual if the income from the benefits did not mean a radical reduction from preretirement standards in the level of living.

TECHNICAL NOTE

A tape file containing retirement data on all civil-service annuitants (excluding survivors) as of June 30, 1967, was made available by the Civil Service Commission to the Social Security Administration. These data were linked to the Social Security Administration master benefit files and earnings records through the social security numbers of the annuitants to identify those who were OASDHI beneficiaries—current or potential—as of February 1968.

Fourteen percent of the annuitants were omitted from the study, as the civil-service tape did not have their social security numbers. This analysis is therefore based on the characteristics of 86 percent of the annuitants. It is

believed, however, that the excluded 14 percent as a group had no specific traits that would cause their omission to detract from an analysis of the 86 percent as representative of the whole group. For example, the distribution of civil-service annuity amounts for both the annuitant study and the whole group of annuitants differs no more than one percentage point from one interval to another.

The Social Security Administration earnings records used in the study did not have data on the number of years in covered employment under OASDHI before 1950. Information concerning this period was estimated for the annuitants by means of a regression estimate based on the 1-percent Continuous Work-History Sample of the Social Security Administration and subsequently applied to the earnings record for these years. Estimates for these years were added (where applicable) to the number of years of covered employment after 1950.

An unknown number of annuitants who died between June 1967 and the February 1968 linkage date with social security records are included in the nonbeneficiary statistics.

In devising the wage replacement ratio (table 11), an adjustment was made for rising wage levels after retirement. Without this adjustment, an annuitant who retired some years ago will have an unrealistically high earnings replacement ratio, since 1967 civil-service annuity figures and 1968 OASDHI benefit figures are used. Over the years the civil-service annuities and OASDHI benefits of those already retired have had several increases. An adjustment is thus needed in the earnings figures in order to produce a wage-replacement ratio that will be applicable to current salary levels.

In this study, the civil-service wage data consisted of annuitants' average earnings in the 5-high-years, as com-

puted for retirement purposes. This wage figure was adjusted as follows:

1. Three years were subtracted from the year the civil-service annuity began since the average high-5 earnings figure reflects more accurately the preretirement earnings of the third year before retirement than the year immediately before.
2. The high-5 earnings figure was multiplied by an index figure for the year determined by step 1. The index figures, shown below, were developed from the Department of Commerce series of average annual earnings for Federal civilian workers from 1940 to 1966.

Year	Index	Year	Index
1966	1.00	1952	2.00
1965	1.06	1951	2.14
1964	1.11	1950	2.31
1963	1.19	1949	2.41
1962	1.25	1948	2.57
1961	1.29	1947	2.63
1960	1.37	1946	2.88
1959	1.42	1945	3.05
1958	1.47	1944	3.02
1957	1.63	1943	3.07
1956	1.68	1942	3.63
1955	1.76	1941	4.10
1954	1.87	1940 or earlier	4.26
1953	1.91		

This adjustment inflated the earnings figures to correspond roughly with current Federal wage scales. When current benefits were related to these figures the resultant wage-replacement ratio approximated a real level-of-living replacement with respect to civil-service salaries.

Notes and Brief Reports

Social Security Service to American Indians*

For well over a decade the Social Security Administration has been actively involved in efforts to assure American Indians and Alaskan natives their full rights and benefits under the social security program. Because many of these citizens live in remote areas under cultural conditions that are far removed from the contemporary American scene, they often require assistance and service that is beyond the scope of most of the Social Security Administration district offices.

The basic problem the Administration has to deal with is one of communication. Language

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and cultural barriers, widespread illiteracy, and poor or impassable roads have all made it extremely difficult to give or receive information necessary to the successful operation of the social security program. Both the Office of Information and the Bureau of District Office Operations have made great progress in closing this information gap.

The function of the Office of Information has mainly been to produce and distribute informational materials that will encourage better reporting and claims administration. One of their first efforts was the booklet, *Social Security and the American Indian*, published in 1959. This publication resulted from discussions with the Bureau of Indian Affairs in 1958 and was quickly put into use by the agency on most reservations throughout the country. Altogether, about 150,000 copies have been distributed in successive editions.

Written materials alone are not enough to solve