

showed increases of 10 percentage points or more.

From January through June the proportion of dual receipt declined in five States—Alaska, Colorado, Missouri, Nevada, and New Hampshire. These States, with the exception of Nevada, have chosen to administer their own supplementation programs. Persons in these five States who are receiving only a State supplementation payment are not included in the records maintained by the Social Security Administration and no information is available on their income. Generally,

TABLE 3.—Percent of persons concurrently receiving OASDI benefits among those with federally administered SSI payments, June 1974, and among transferees from former State assistance programs, December 1973

State	Percent with OASDI benefits	
	Among persons with federally administered SSI payments	Among transferees from State assistance programs
Total.....	52.5	43.2
Alabama.....	61.9	57.2
Alaska.....	27.6	42.6
Arizona.....	43.1	37.5
Arkansas.....	63.6	57.2
California.....	60.0	55.4
Colorado.....	47.3	47.7
Connecticut.....	37.1	31.1
Delaware.....	(1)	56.8
District of Columbia.....	32.6	25.7
Florida.....	44.7	35.2
Georgia.....	55.7	45.9
Hawaii.....	46.9	41.1
Idaho.....	53.3	45.2
Illinois.....	33.1	20.2
Indiana.....	69.8	47.9
Iowa.....	64.1	51.9
Kansas.....	51.7	39.6
Kentucky.....	54.7	40.5
Louisiana.....	53.9	50.1
Maine.....	67.2	62.6
Maryland.....	32.6	22.6
Massachusetts.....	66.3	58.6
Michigan.....	46.7	37.3
Minnesota.....	48.9	35.2
Mississippi.....	60.7	55.7
Missouri.....	63.0	65.5
Montana.....	51.5	42.9
Nebraska.....	54.0	46.9
Nevada.....	71.0	88.3
New Hampshire.....	60.7	67.8
New Jersey.....	48.8	37.9
New Mexico.....	40.7	27.8
New York.....	41.7	26.3
North Carolina.....	53.9	26.6
North Dakota.....	56.4	45.8
Ohio.....	40.1	31.4
Oklahoma.....	45.9	41.1
Oregon.....	45.3	33.2
Pennsylvania.....	43.7	30.4
Rhode Island.....	55.9	43.4
South Carolina.....	51.5	22.1
South Dakota.....	60.1	40.1
Tennessee.....	54.7	37.5
Texas.....	58.2	50.5
Utah.....	30.0	20.7
Vermont.....	(1)	52.5
Virginia.....	57.2	32.0
Washington.....	39.1	31.2
West Virginia.....	43.8	24.8
Wisconsin.....	69.2	48.7
Wyoming.....	57.8	45.3

<sup>1</sup> Data not available.

persons receiving State supplementation only have income in excess of the Federal SSI payment levels, and for the most part this income consists of OASDI benefits.

The decline in the dual-receipt rate of Nevada is related to the fact that the State did not have an assistance program for the disabled. The individuals who had been on the State assistance rolls, therefore, were almost all aged persons and more likely to be receiving both SSI payments and monthly OASDI cash benefits.

The increase in the overall proportion of OASDI beneficiaries in the SSI population suggests an even higher proportion among persons awarded SSI payments who were not transferees from State assistance programs at the beginning of the year. Data are not yet available separately, however, for these persons. If this trend continues the proportion of persons receiving concurrent SSI payments and OASDI benefits should also continue to rise as the program develops.

## Social Security Abroad

### Earnings Replacement Rate of Old-Age Pensions for Workers Retiring at End of 1972\*

In many countries during the past few years, the old-age pensions under their social insurance programs have represented a rising proportion of the average pensioner's previous earnings. The level reached by persons retiring at the end of 1972 is indicated in the accompanying table. Two separate developments are reflected in the continued increase in the replacement rate.

One is a direct increase in the level of benefits because of recent legislation, as in Switzerland and the United States. The rise in the proportion has been especially high in Switzerland, where the rates almost doubled from 1972 to 1973: For the single worker, the rate was 19 percent in 1972 and 36 percent in 1973; for couples, the rate went from 28 percent to 54 percent.

\* Prepared by Leif Haanes-Olsen and Max Horlick, International Staff, Office of Research and Statistics.

In the United States, the proportion of earnings replaced by the retired-worker benefit went from 38 percent at the end of 1972 to 39 percent in 1974, following the general benefit increases. The amount of the benefit payable to a retiree in 1974 is about 16 percent higher than the 1972 amount, but this gain is offset by a rise of about 14 percent in wage levels.

The other development reflected in the trend

toward higher earnings-replacement rates is the effect of the supplementary pension programs, which provide automatic annual increases in benefits until the programs mature at some point in the future. Canada, Norway, and Sweden have programs of this type.

In the Federal Republic of Germany, on the other hand, the replacement rate of the old-age

(Continued on page 49)

Replacement rate of old-age pension for a male worker with average earnings in manufacturing,<sup>1</sup> retiring at the end of 1972, and pension formula, selected countries

Country	Years worked	Pension as percent of earnings in year before retirement		Pension formula		
		Single worker	Couple <sup>2</sup>	Type of formula	Retirement age for full pension	Computation provisions
Austria <sup>3</sup> .....	40	61	61	Percent of average earnings in last 5 years (or age 45-50), time-related, indexed.	65.....	30 percent of "basis of assessment" (average covered earnings of last 5 years) plus 0.6 percent per year for 1-10 years, 0.9 percent for 11-20 years, 1.2 percent for 21-30 years, and 1.5 percent per year for 31 years and over.
Belgium.....	45	33	41	60 percent (single) or 75 percent (couple) of lifetime average covered earnings, indexed.	65.....	
Canada <sup>4</sup> .....	40	33	51	Universal pension plus 25 percent of average covered earnings, highest 10 years, indexed.	65.....	Earnings-related Canada Pension Plan began with 2.5 percent for retirement in 1967, increasing 2.5 percentage points per year to 25 percent in 1976.
Denmark.....	40	31	44	Universal old-age pension plus time-related supplementary pension.	67.....	Supplementary pension, 100 kroner a year times years of coverage.
France <sup>5,6</sup> .....	34	47	62	22.6 percent of average credited earnings of highest 10 years, indexed.	65 <sup>6</sup> .....	4.5-percent increment per year of deferral after age 60.
Germany, Federal Republic of.....	35 40	44 50	44 50	Percent of average lifetime earnings.	65.....	1.5 percent of "assessed wages" times years of coverage. "Assessed wages" is the ratio of the individual's earnings to the national average earnings, multiplied by the national average during the 3 years preceding the year before retirement.
Italy <sup>7</sup> .....	40	68	68	74 percent of average earnings of last 3 years.	60.....	
Netherlands.....	50	34	48	Flat-rate.	65.....	
Norway.....	40	39	53	Universal pension, plus supplement related to average earnings of highest 20 years.	67.....	45 percent of a base amount tied to both price and wage indexes, times number of average annual pension points. Pension points are derived by dividing annual earnings (between the base amount and the ceiling) by the base amount. Base amount is roughly one-third of the national average wage.
Sweden.....	30	49	62	Universal pension, plus supplement related to average earnings of highest 15 years.	67.....	60 percent of a base amount tied to a price index, times number of average annual pension points. Pension points are derived by dividing annual earnings (between the base amount and the ceiling) by the base amount. Base amount is roughly one-third of the national average wage.
Switzerland <sup>8</sup> .....	Years since 1948	19	28	Percent of average earnings since 1948, indexed.	65.....	125 francs a month plus 1.25 percent per month of average earnings.
United Kingdom.....	( <sup>4</sup> )	29	40	Flat-rate plus graduated pension based on percent of contribution.	65.....	Graduated pension related to total contribution paid.
United States <sup>9</sup> .....	( <sup>6</sup> )	38	57	Weighted formula based on average earnings after 1950, with lowest 5 years omitted.	65.....	108.01 percent of first \$110 plus 39.29 percent of next \$290 plus 36.71 percent of next \$150 plus 43.15 percent of next \$100 plus 24.00 percent of next \$100 plus 20 percent of next \$250.

<sup>1</sup> Based on earnings data from International Labor Organization, *Yearbook of Labor Statistics, 1973*.

<sup>2</sup> Includes supplement for spouse in countries with such a provision.

<sup>3</sup> Data relate to all adult workers, comparable data for male worker not available.

<sup>4</sup> "Number of years worked" is smallest number required to receive full pension when system is mature, but because the system is somewhat new the earnings-related component is still relatively small and covers few years.

<sup>5</sup> Statutory retirement at age 60 (30 years of work required), with 22.6-percent replacement rate, under the law retirees with 35 or 40 years of work

would also have a 22.6-percent replacement rate at age 60. Age shown in "retirement age" column is "normal" retirement age, and computations here are for that age.

<sup>6</sup> With contributions each year from ages 16 to 64 inclusive, 2-percent decrement for each unexcused year of noncontribution, but system is in effect virtually universal.

<sup>7</sup> For universal part of program, contributions in all years since attainment of age 18, for wage-related part, contributions in all years after 1962.

<sup>8</sup> With 1 calendar quarter of coverage for each year after 1950 and up to year worker reached age 65.

TABLE M-4.—Selected social insurance and related programs: Contributions and taxes collected, 1940-74

(In thousands)

Period	Retirement, disability, and survivor				Hospital insurance under OASDHI <sup>1,2</sup>	Unemployment		
	Old-age and survivors insurance <sup>3</sup>	Disability insurance <sup>3</sup>	Federal civil service <sup>3</sup>	Railroad retirement <sup>3,4</sup>		State unemployment insurance <sup>5</sup>	Federal unemployment taxes <sup>7</sup>	Railroad unemployment insurance <sup>8</sup>
<b>Fiscal year</b>								
1940	\$604,694		\$131,880	\$120,967		\$853,955	\$107,523	\$49,167
1945	1,309,919		486,719	285,038		1,251,958	184,544	131,993
1950	2,106,388		662,262	550,172		1,094,406	226,306	18,855
1955	5,087,154		469,856	600,106		1,142,009	279,986	23,720
1960	9,482,685	\$987,079	1,509,695	606,865		2,164,757	341,108	161,912
1961	11,292,676	1,022,002	1,745,833	570,713		2,361,279	345,356	161,309
1962	11,454,643	1,020,866	1,759,409	504,218		2,709,233	452,638	155,259
1963	13,327,762	1,076,621	1,884,796	571,534		3,005,409	495,367	157,682
1964	15,502,726	1,143,161	2,036,419	593,477		3,043,408	846,567	156,507
1965	15,857,212	1,175,244	2,182,203	635,545		3,046,428	614,891	152,300
1966	17,865,947	1,556,652	2,277,013	683,458	\$908,797	2,961,878	561,014	148,411
1967	22,567,002	2,249,397	2,469,071	776,493	2,704,884	2,911,247	596,773	145,665
1968	22,662,430	2,699,368	2,807,751	814,327	3,657,662	2,597,675	600,980	139,591
1969	25,952,737	3,632,434	2,998,184	884,746	4,477,012	2,555,110	633,178	134,400
1970	29,954,673	4,141,358	3,732,893	918,832	4,846,096	2,558,065	769,639	130,898
1971	31,915,231	4,669,470	4,611,334	980,394	4,961,234	2,574,410	904,435	127,328
1972	35,710,725	4,852,996	5,289,873	1,008,383	5,289,673	3,209,521	1,010,869	119,516
1973	41,318,177	5,460,969	6,069,575	1,188,934	7,724,341	4,609,766	1,297,226	120,065
1974	48,454,693	6,234,425	7,173,564	1,411,333	10,606,551	5,212,639	1,454,371	118,362
<b>1973</b>								
August	5,523,530	496,881	380,083	234,737	904,971	1,006,015	249,553	7,673
September	3,214,294	617,660	354,366	22,975	1,110,328	34,918	6,486	21,440
October	3,165,320	399,759	395,695	9,776	630,996	256,163	77,042	512
November	4,134,087	454,227	374,055	227,135	824,335	563,642	136,886	8,988
December	2,606,988	387,362	331,253	121,428	705,247	37,345	11,265	20,168
<b>1974</b>								
January	3,367,586	459,335	446,698	18,367	849,002	179,008	120,301	431
February	5,643,959	592,990	401,233	221,736	920,964	427,571	278,978	7,262
March	3,640,855	616,404	391,729	130,180	984,560	40,132	11,724	21,664
April	4,490,102	544,627	402,089	16,437	1,027,558	612,966	175,001	558
May	5,799,390	609,556	379,078	249,098	932,443	1,613,471	339,485	10,584
June	3,434,712	618,590	2,924,327	146,231	921,131	45,810	-71,351	18,604
July	3,775,785	506,372	390,356	8,199	792,399	453,885	125,717	518
August	6,044,898	619,238	422,558	256,520	970,262	( <sup>9</sup> )	200,862	2,762

<sup>1</sup> Represents contributions of employees, employers, and the self-employed in employments covered by OASDHI under the Social Security Act, on an estimated basis, with suitable subsequent adjustments. Data for earlier years reflect former appropriation bases. Includes deposits by State under voluntary coverage agreements. Employee-tax refunds deducted. Excludes transfer from general revenues.

<sup>2</sup> Excludes transfers between OASDHI system and railroad retirement account under the financial interchange provisions of the Railroad Retirement Act.

<sup>3</sup> Includes foreign service retirement. Represents employee and Government contributions. Employee share includes voluntary contributions to purchase additional annuity. Government share includes Federal and District of Columbia agency contributions and, beginning 1968, Federal payment for current unfunded liability.

<sup>4</sup> Beginning 1959, net of tax refunds. Contributions for hospital insurance of railroad workers are collected and reported with railroad retirement contributions initially and are transferred once a year (usually in August) to the hospital insurance trust fund, data for that month only are adjusted by

the Treasury source to reflect the transfer.

<sup>5</sup> Excludes reimbursement from Treasury general funds for cost of benefits for persons not insured for cash benefits under OASDHI or railroad retirement. Includes contributions for hospital insurance coverage of railroad workers under the Social Security Amendments of 1965 (principal amount only), and, beginning July 1973, voluntary premiums for coverage of uninsured individuals aged 65 and over.

<sup>6</sup> Represents deposits in State clearing accounts of contributions plus penalties and interest collected from employers and contributions from employees (3 States in recent years). Excludes contributions collected for deposit in State temporary disability insurance funds. Data reported by State agencies.

<sup>7</sup> Represents taxes paid by employers under the Federal Unemployment Tax Act. Beginning 1961, net of tax refunds. Includes tax proceeds for financing temporary extended unemployment compensation programs for 1958 and 1961.

<sup>8</sup> Beginning 1947, also covers railroad temporary disability insurance.

Source: *Monthly and Final Statement of Receipts and Expenditures of the U.S. Government* and other Treasury reports, unless otherwise noted.

## SOCIAL SECURITY ABROAD

(Continued from page 45)

pension has moved downward. Two factors have caused this decline: (1) A rapid rise in wages in recent years, and (2) an inherent lag in the pension formula that has caused benefits to go up at a slower pace than wages.

An earlier comparison of the earnings-replacement rate of old-age pensions in the United States, Canada, and 11 European countries pro-

vided information on these rates for men retiring in 1968.<sup>1</sup> The table on page 45 is a revision of table 1 in the earlier article, which described in detail the concepts and methodology used in making these comparisons. The present table gives the rates for workers with average earnings in manufacturing who retired at the end of 1972.

<sup>1</sup> Max Horlick, "The Earnings Replacement Rate of Old-Age Benefits: An International Comparison," *Social Security Bulletin*, March 1970.