
Beneficiaries Affected by the Annual Earnings Test in 1977

by Barbara A. Lingg*

Every year a number of social security beneficiaries lose some or all of their benefits because of the earnings test. This article describes those affected in 1977—who they were, how much they earned, and how much they lost in cash benefits. The relationships between certain beneficiary characteristics—such as age, sex, race, primary insurance amount, family status, and type of employment—and the amount of earnings and lost benefits are examined. About 1.2 million retired workers aged 62-71, or one-eighth of all such persons on the rolls, were affected by the earnings test. Relatively fewer women retired workers than men incurred benefit losses because relatively fewer women worked and those who did had lower earnings. Black retired workers and those of other minority races had lower earnings than did white retired workers. About 370,000 dependent and survivor beneficiaries lost benefits because of their own earnings. This total included 148,000 widowed mothers, almost one-fourth of all such women on the rolls.

Beneficiaries under age 72 are affected by the earnings-test provision of the Social Security Act if they have income from employment or self-employment exceeding certain yearly exempt amounts.¹ This article presents detailed statistical data about persons affected by the earnings test in 1977. Most of the data are for retired-worker beneficiaries, but limited data on dependent and survivor beneficiaries who lost benefits because of their own earnings are also presented. Disabled beneficiaries, who are subject to a test of “substantial gainful activity,” and persons residing in foreign countries, who are subject to different earnings tests, are excluded. Almost all data have been derived on a 100-percent basis from the Social Security Administration’s master beneficiary record, which contains detailed benefit data for all beneficiaries.

* Division of OASDI Statistics, Office of Research and Statistics, Office of Policy, Social Security Administration. Garrett W. Kowaluk’s assistance in obtaining data for this article is acknowledged.

¹ Beginning in 1982, the earnings test will no longer apply as of the month in which the beneficiary attains age 70, regardless of the amount of money earned. See John Snee and Mary Ross, “Social Security Amendments of 1977: Legislative History and Summary of Provisions,” *Social Security Bulletin*, March 1978, pages 3-20.

Effects of Earnings Test on Benefits

In 1977 the earnings test provided that benefits were to be withheld at the rate of \$1 for every \$2 in earnings exceeding \$3,000. Benefits were payable, however, for any month in which the entitled individual earned \$250 or less or did not render substantial services in self-employment, regardless of total earnings during the year.²

The yearly amounts that persons could earn without losing any benefits were \$2,760 in 1976, \$2,520 in 1975, \$2,400 in 1974, and \$2,100 in 1973. From 1966 to 1972, not only was the annual exempt amount lower (\$1,500 in 1966-67 and \$1,680 in 1969-72), but the provision to withhold \$1 in benefits for each \$2 in earnings applied only to the first \$1,200 in earnings beyond the exempt amount. After that point, \$1 in earnings offset \$1 in benefits. Thus, no monetary advantage would have been gained from earnings that

² Beginning with 1978, beneficiaries may receive payment for “nonwork” months, regardless of the amount of their annual earnings, only in the first year in which they are entitled to benefits and have at least one month in which they earn less than the monthly limit or do not render substantial services in self-employment.

were \$1,200 above the exempt amount, unless the earnings were more than sufficient to cause all benefits to be offset.³ In addition, these earnings may have been subject to income and social security taxes and the worker probably would also have incurred some work-related expenses.

Table 1 illustrates the effects of the 1977, 1975, and 1972 earnings tests on a beneficiary with annual social security benefits of \$4,000 and various assumed amounts of annual earnings. As a result of the increases in the exempt amount and the elimination of the dollar-for-dollar provisions, beneficiaries could earn considerably more in 1977 and 1975 than in 1972 without losing all of their benefits. It required \$11,000 in earnings to offset \$4,000 in benefits in 1977, compared with \$10,520 in 1975 and \$6,280 in 1972. Beneficiaries entitled to some specified benefit amount for the year and having specified earnings during the year could experience greater net earnings (disregarding taxes and work expenses) in 1977 than in earlier years. Thus, a person entitled to annual benefits of \$4,000 with earnings of \$6,280 gained \$4,640 because of these earnings in 1977, compared with \$4,400 in 1975 and \$2,280 in 1972.

Retired-Worker Beneficiaries

Age and Sex

During 1977, about 1.2 million retired workers aged 62-71, or 12 percent of those on the rolls and about 10 percent of those eligible for benefits, had benefits withheld because of the earnings test. An individual is considered to be eligible for benefits if he or she meets the insured-status and age requirements for benefits, whether or not he or she has filed for them. When the effects of the earnings test are assessed, it should be noted that the number of beneficiaries on the rolls as well as the number directly affected by the earnings test would be larger if it were not for the earnings limitation. Many eligible persons, particularly those aged 62-64, do not file for benefits because they would be prevented by the earnings test from receiving them. Most eligible persons aged 65 and older do file, even if they continue to work and have high earnings, to become eligible for hospital benefits under Medicare.

Monthly cash benefits are based on the worker's

³ For descriptions of the effects of the earnings tests in 1975, 1973, and 1971, see the following articles by Barbara A. Ligg in the *Social Security Bulletin*: "Beneficiaries Affected by Annual Earnings Test in 1975," December 1978, pages 12-24; "Beneficiaries Affected by Annual Earnings Test in 1973," September 1977, pages 3-14; and "Retired-Worker Beneficiaries Affected by the Annual Earnings Test in 1971," August 1975, pages 22-31. For a discussion of the effects of the earnings test in 1963, see Kenneth G. Sander, "The Retirement Test: Its Effect on Older Workers' Earnings," *Social Security Bulletin*, June 1968, pages 3-6.

Table 1.—Examples of net receipts from benefits and earnings for beneficiaries with yearly benefits of \$4,000, by annual earnings levels, 1972, 1975, and 1977

Annual earnings	Amount of benefits		Amount received from earnings and benefits	Economic advantage of working (in dollars)
	Withheld	Payable		
1977				
\$1,680	0	\$4,000	\$5,680	\$1,680
2,280	0	4,000	6,280	2,280
2,520	0	4,000	6,520	2,520
3,000	0	4,000	7,000	3,000
4,500	\$750	3,250	7,750	3,750
6,280	1,640	2,360	8,640	4,640
8,000	2,500	1,500	9,500	5,500
10,520	3,760	240	10,760	6,760
11,000	4,000	0	11,000	7,000
13,000	4,000	0	13,000	9,000
1975				
\$1,680	0	\$4,000	\$5,680	\$1,680
2,280	0	4,000	6,280	2,280
2,520	0	4,000	6,520	2,520
3,000	\$240	3,760	6,760	2,760
4,500	990	3,010	7,510	3,510
6,280	1,880	2,120	8,400	4,400
8,000	2,740	1,260	9,260	5,260
10,520	4,000	0	10,520	6,520
11,000	4,000	0	11,000	7,000
13,000	4,000	0	13,000	9,000
1972				
\$1,680	0	\$4,000	\$5,680	\$1,680
2,280	\$300	3,700	5,980	1,980
2,520	420	3,580	6,100	2,100
3,000	720	3,280	6,280	2,280
4,500	2,220	1,780	6,280	2,280
6,280	4,000	0	6,280	2,280
8,000	4,000	0	8,000	4,000
10,520	4,000	0	10,520	6,520
11,000	4,000	0	11,000	7,000
13,000	4,000	0	13,000	9,000

primary insurance amount (PIA), which is related to the average amount of earnings covered under the social security program. Monthly benefits are payable to a retired worker upon entitlement as early as age 62, but the PIA is reduced by 5/9 of 1 percent for each month of entitlement preceding age 65, for a maximum reduction of 20 percent.⁴

The number of persons aged 62-64 who have not applied for reduced benefits undoubtedly includes some who have not done so because they realize that the earnings test means either a limitation on earnings or the loss of some or all of their benefits. They therefore decide to wait until they attain age 65 when they can file for full benefits and also be eligible for Medicare. These individuals are indirectly affected by the earnings test even though they are not on the social security rolls.

About 30 percent of the 1.2 million beneficiaries who

⁴ If a beneficiary who has elected to retire before reaching age 65 has subsequent earnings high enough to offset benefits for some or all of the months before attainment of age 65, the reduction factor is adjusted to account for months for which benefits were not paid. The monthly benefit is then recomputed on the basis of a smaller reduction factor.

Table 2.—Number and percentage distribution of retired-worker beneficiaries under age 72 on rolls at end of year and of those affected by earnings test and amount of benefits withheld and before withholding, by sex and age group, 1970–77

Sex and age	Retired-worker beneficiaries									
	On rolls at end of year		Affected by earnings test							
	Number	Percentage distribution	Number	Percentage distribution	Percent on rolls	Percent eligible for benefits ¹	Amount of benefits (in thousands)		Ratio of benefits withheld to amount before withholding	Percent who lost all benefits
							Withheld	Before withholding		
1977										
Total.....	9,875,559	100.0	1,181,000	100.0	12.0	9.5	\$2,882,330	\$4,654,760	0.62	33
Men.....	5,540,929	56.1	822,252	69.6	14.8	12.0	2,259,470	3,534,088	.64	38
Women.....	4,334,626	43.9	358,748	30.4	8.3	6.5	622,860	1,120,672	.56	20
Men.....	5,540,929	100.0	822,252	100.0	14.8	12.0	2,259,470	3,534,088	.64	38
62-64.....	955,239	17.2	122,767	14.9	12.9	5.6	217,041	463,143	.47	12
65-71.....	4,585,690	82.8	699,485	85.1	15.3	14.9	2,042,429	3,070,945	.67	43
Women.....	4,334,630	100.0	358,748	100.0	8.3	6.5	622,860	1,120,672	.56	20
62-64.....	957,384	22.1	75,178	21.0	7.9	4.2	74,164	175,034	.42	6
65-71.....	3,377,246	77.9	283,570	79.0	8.4	7.5	548,696	945,638	.58	24
1975										
Total.....	9,319,297	100.0	1,318,772	100.0	14.2	11.3	2,684,559	4,252,463	.63	34
Men.....	5,269,351	56.5	921,667	69.9	17.5	14.1	2,080,963	3,210,208	.65	39
Women.....	4,049,946	43.5	397,105	30.1	9.8	7.7	603,596	1,042,255	.60	21
1973										
Total.....	8,758,863	100.0	1,386,232	100.0	15.8	12.4	2,435,330	3,588,546	.68	41
Men.....	4,992,337	57.0	976,110	70.4	19.6	15.4	1,870,599	2,693,016	.69	46
Women.....	3,766,526	43.0	410,122	29.6	10.9	8.5	564,731	895,530	.63	29
1970										
Total.....	7,674,438	100.0	1,555,678	100.0	20.3	15.2	1,998,225	2,792,429	.72	(2)
Men.....	4,455,453	58.1	1,097,672	70.6	24.6	18.5	1,523,994	2,102,706	.72	(2)
Women.....	3,218,985	41.9	458,006	29.4	14.2	10.6	474,231	689,723	.69	(2)

¹ Percent of those aged 62–71 who would be eligible to receive retired-worker benefits at end of year. Excludes disabled-worker beneficiaries aged 62–64.

² Data not available.

were directly affected by the earnings test were women. Women, however, represented 44 percent of the retired workers aged 62-71 on the social security rolls (table 2). Relatively fewer women than men lost benefits because relatively fewer women worked and relatively more of those who did had earnings below the exempt amount. In 1977, 49 percent of all women and 8 percent of women aged 65 and over were participating in the labor force, compared with 78 percent of all men and 20 per percent of men aged 65 and over.⁵ Among workers with employment covered under the social security program in 1977, 37 percent of the women aged 62-64, compared with 21 percent of the men in that age group, had taxable earnings of less than \$3,000. Among workers aged 65-71, 63 percent of the women and 51 percent of the men had taxable earnings below that amount (table 3).

Almost 140,000 fewer retired workers lost benefits because of the earnings test in 1977 than in 1975—a decline of about 10 percent during the 2-year period.

⁵ U.S. President, *Employment and Training Report of the President, 1978*, 1978, page 182.

From 1970 to 1977, the number of men affected by the earnings test declined by 25 percent, and the number of women affected fell by 22 percent. One factor contributing to the decline in the number of workers affected has been the increases in the exempt amount—from \$1,680 in 1970 to \$3,000 in 1977. Thus, certain individuals with low earnings may have been affected in one year but not in the following year. Another factor that contributed to the decline was a reduction of the labor-force participation of persons aged 65 and over during that period. The proportion of women aged 65 and over in the labor force dropped from 11 percent in 1960 to 10 percent in 1970 and to 8 percent in 1977. The corresponding proportions for men aged 65 and over in those years were 33 percent, 27 percent, and 20 percent.⁶

Earnings and Benefit Losses

When a retired-worker beneficiary has earnings during the year that exceed the exempt amount, not only

⁶ *Ibid.*

Table 3.—Number and percentage distribution of workers with taxable earnings, by amount of earnings, sex, and age group, 1977

Amount of earnings	Men aged—		Women aged—	
	62-64	65-71	62-64	65-71
Total number.....	1,515,000	1,461,000	953,000	897,000
Total percent.....	100	100	100	100
Less than \$1,000.....	8	18	14	24
1,000-1,999.....	6	14	11	18
2,000-2,999.....	7	19	12	21
3,000-3,999.....	4	9	8	9
4,000-4,999.....	3	3	7	4
5,000-6,999.....	7	6	14	7
7,000-9,999.....	14	8	17	8
10,000-12,999.....	14	6	9	4
13,000-14,999.....	8	3	3	2
15,000-16,499.....	6	2	2	1
16,500 or more.....	23	12	3	2

Source: Continuous Work-History Sample. For a description of the sample design and estimates of sampling variability, see Robert H. Finch, Jr., *Sampling Variability in the 1-Percent Continuous Work History Sample*, Social Security Administration, Office of Research and Statistics, 1977.

are that person's benefits subject to withholding but also those of entitled spouses and children. In 1977, retired-worker beneficiaries and their dependents lost \$2.9 billion in benefits—62 percent of the \$4.7 billion that would have been payable to that group had no deductions been made for earnings (table 2). Men lost \$2.3 billion or 64 percent of their benefits, and women lost \$0.6 billion or 56 percent.

For most retired-worker beneficiaries, information about the amount of income from work in 1977 was available either from (1) their annual report of earnings if they received some benefits in 1977 and earned more than \$3,000 during the year, or (2) from entries in their earnings records. For persons not required to file annual reports because their benefits for 1977 were completely offset, earnings information was obtained from reports by employers and the self-employed and entered in the earnings record. For some, earnings information was not available because (1) the reporting by employers or the self-employed was received too late to be included in the tabulations, (2) the individuals worked for employers not covered by the social security program (including the Federal Government, some State and local governments, and nonprofit organizations), or (3) errors occurred in processing the data. Earnings information was available for all but 9 percent of the men and 4 percent of the women.

Many of the retired workers who had benefits withheld because of the earnings test had fairly high annual earnings. Almost 24 percent of the men had earnings of at least \$16,500, which was the maximum amount that was creditable for social security purposes in 1977. Another 22 percent of the men had earnings of \$10,000-\$16,499. Women tended to have lower earnings than men. About 5 percent had earnings of

\$16,500 or more and another 16 percent had earnings of \$10,000-\$16,499. About half of the women but only three-tenths of the men had earnings of \$3,000-\$6,999 (table 4).

Relatively more beneficiaries aged 65-71 than those aged 62-64 had high earnings. About 50 percent of the men aged 65-71, but only 26 percent of men aged 62-64, earned \$10,000 or more. The corresponding proportions for women were 25 and 7 percent. Consequently, only 6 percent of the women and 12 percent of the men aged 62-64 lost all of their benefits due to their earnings, compared with 24 percent of the women and 43 percent of the men aged 65-71. Many workers aged 62-64 with high earnings did not apply for benefits and are not on the social security rolls because the earnings test would mean the loss of their cash benefits and they were not yet eligible for Medicare benefits.

Among beneficiaries affected by the earnings test, white men tended to have the highest level of earnings. Among beneficiaries aged 65-71, about three-fifths of the white men, compared with less than two-fifths of men of black and other minority races, earned \$10,000 or more. Among women aged 65-71, about one-fourth of the white women and women of minority races other than black earned \$10,000 or more, compared with about one-sixth of the black women. Among beneficiaries aged 62-64, 27 percent of the white men earned \$10,000 or more, compared with 22 percent of men of minority races other than black and 14 percent of the black men. Among women in this age group, 7 percent of the white women and 5 percent of the women of minority races earned \$10,000 or more (table 5).

Earnings and Primary Insurance Amount

The PIA is related to the average earnings on which an individual's social security taxes are paid. It serves as the basis for computing all cash benefit amounts. Since the PIA reflects an individual's earnings before entitlement to benefits, it might be expected that persons with high PIA's would be more likely than those with low PIA's to have high earnings if they engage in work activities after entitlement to benefits.

Regardless of age, race, or sex, a substantially higher proportion of retired workers with PIA's of \$375 or more than those with lower PIA's had earnings of at least \$13,000 (tables 3 and 5). For example, among white beneficiaries aged 65-71, 56 percent of the men and 40 percent of the women with PIA's of \$375 or more earned at least \$13,000, compared with only 12 percent of the men and 4 percent of the women with PIA's of \$225.00-\$374.90. Among black beneficiaries in this age group, 43 percent of the men and 40 percent of the women with PIA's of \$375 or more had earnings

Table 4.—Number of retired-worker beneficiaries affected by earnings test, percentage distribution, by amount of earnings, average benefit amount withheld and before withholding, and percent who lost all benefits, by sex, age group, and primary insurance amount, 1977

Sex, age, and primary insurance amount	Number	Percentage distribution, by amount of earnings								Average benefit amount		Ratio of benefits withheld to amount before withholding	Percent who lost all benefits
		Total	Less than \$4,000	\$4,000–6,999	\$7,000–9,999	\$10,000–12,999	\$13,000–16,499	\$16,500 or more	Unknown	Withheld	Before withholding		
Men	822,252	100.0	11.9	18.1	15.3	12.3	10.1	23.6	8.7	\$2,748	\$4,298	0.64	38
Less than \$225.00	69,082	100.0	21.4	27.6	11.0	6.1	5.4	6.6	21.9	1,133	2,001	.57	38
225.00–374.90	305,748	100.0	20.2	28.7	23.5	11.0	4.1	6.1	6.4	1,844	3,807	.48	20
375.00 or more	447,422	100.0	4.7	9.4	10.4	14.2	14.9	38.2	8.2	3,615	4,988	.72	51
Aged 62–64	122,767	100.0	18.9	32.6	20.1	10.8	6.3	8.5	2.8	1,768	3,773	.47	12
Less than \$225.00	12,618	100.0	32.8	45.0	9.2	2.6	1.9	2.9	5.6	796	1,899	.42	13
225.00–374.90	61,458	100.0	21.4	38.0	25.2	8.1	2.3	2.4	2.6	1,496	3,468	.43	8
375.00 or more	48,691	100.0	12.1	22.6	16.5	16.3	12.5	17.8	2.2	2,364	4,643	.51	17
Aged 65–71	699,485	100.0	10.6	15.6	14.5	12.6	10.8	26.2	9.7	2,920	4,390	.67	43
Less than \$225.00	56,464	100.0	18.9	23.7	11.4	6.7	6.3	7.5	25.5	1,208	2,024	.60	44
225.00–374.90	244,290	100.0	19.9	26.4	23.1	11.8	4.6	6.9	7.3	1,932	3,893	.50	23
375.00 or more	398,731	100.0	3.8	7.8	9.7	13.9	15.2	40.6	9.0	3,767	5,030	.75	54
Women	358,748	100.0	21.5	32.0	20.8	10.7	5.4	5.4	4.2	1,736	3,124	.56	20
Less than \$225.00	89,207	100.0	40.8	38.6	7.8	3.0	1.6	1.2	7.0	776	1,937	.40	16
225.00–374.90	196,337	100.0	19.1	37.3	28.7	8.9	2.1	1.6	2.3	1,607	3,160	.51	14
375.00 or more	73,204	100.0	4.2	9.7	15.5	24.8	18.8	20.8	6.2	3,253	4,473	.73	41
Aged 62–64	75,178	100.0	34.6	44.1	13.0	3.6	1.7	1.7	1.3	987	2,328	.42	6
Less than \$225.00	32,089	100.0	48.9	44.3	3.6	.7	.4	.4	1.7	592	1,692	.35	6
225.00–374.90	38,162	100.0	25.8	46.5	20.6	4.1	1.0	1.0	1.0	1,198	2,686	.45	6
375.00 or more	4,927	100.0	10.1	21.0	15.2	19.4	15.6	17.7	1.0	1,916	3,703	.52	8
Aged 65–71	283,570	100.0	18.0	28.8	22.8	12.6	6.4	6.4	5.0	1,934	3,335	.58	24
Less than \$225.00	57,118	100.0	36.2	35.4	10.1	4.4	2.3	1.7	9.9	880	2,075	.42	21
225.00–374.90	158,175	100.0	17.5	35.1	30.6	10.1	2.3	1.8	2.6	1,705	3,274	.52	16
375.00 or more	68,277	100.0	3.8	8.9	15.5	25.2	19.0	21.1	6.5	3,349	4,528	.74	44

at that level, compared with 5 percent of the men and 2 percent of the women with PIA's of \$225.00–\$374.90.

Family Status

About three-fourths of the retired-worker beneficiaries who were affected by the earnings test in 1977 are classified as “worker-only” beneficiary families (table 6). Family-benefit classifications are based on the aggregation of persons entitled to benefits on the worker's earnings record. The term worker-only family therefore means that no spouse or child is entitled to benefits on the worker's earnings record. It does not necessarily mean that the worker is not married or has no children. The worker actually may be married to another beneficiary who is entitled to benefits on his or her own earnings record or to a person who does not meet the requirements for entitlement—a woman too young, for example, to become entitled to a wife's benefits.

Less than 7 percent of the retired-worker beneficiaries affected by the earnings test in 1977 had dependent children entitled to benefits on their earnings records. The proportion of beneficiary families with dependent children who were affected by the earnings test was somewhat higher for those in which the worker

was aged 62–64 than for those with workers aged 65–71. Relatively more of the older families consisted of a worker and an entitled spouse.

Only 2 percent of the retired women workers had entitled husbands and/or children. Therefore, detailed data by primary insurance amount and earnings level for families with dependents are shown only for men workers and dependents. The earnings data shown apply only to the earnings of the worker, and the amounts of benefits withheld apply only to the benefits that the worker and dependents lost because of the worker's earnings. Data are not available that show earnings of dependents and the benefit losses resulting from their own earnings in families with both the worker and the dependents affected by the earnings test. Information about cases in which only the dependents lost benefits because of their own earnings are discussed later in the article.

Retired-worker beneficiaries affected by the earnings test who had entitled children tended to have lower earnings than beneficiaries who were on the rolls either as worker-only beneficiaries or who had only a spouse entitled to benefits. Among men workers, 26 percent of those with entitled children earned \$13,000 or more, compared with 38 percent of those with only a wife entitled to benefits and 33 percent who were worker-

only beneficiaries. Among men with PIA's of \$375 or more, 47 percent of those with entitled children earned at least \$13,000, compared with 54 percent of those with only a wife entitled or with no entitled dependents (table 7). Part of the differences in these earnings levels can be explained by the higher percentage of black and other minority men retired workers with

entitled children. In 18 percent of the families with children, the retired worker was either black or of another minority race, compared with only 5 percent of the worker and wife families and 8 percent of the men worker-only beneficiaries. These workers tended to have lower earnings. For example, among worker, spouse, and children families, 13 percent of the black

Table 5.—Number of retired-worker beneficiaries affected by earnings test, percentage distribution, by amount of earnings, average benefit amount withheld and before withholding, and percent who lost all benefits, by sex, age, race, and primary insurance amount, 1977

Sex, age, race, and primary insurance amount	Number ¹	Percentage distribution, by amount of earnings								Average benefit amount		Ratio of benefits withheld to amount before withholding	Percent who lost all benefits
		Total	Less than \$4,000	\$4,000-6,999	\$7,000-9,999	\$10,000-12,999	\$13,000-16,499	\$16,500 or more	Unknown	Withheld	Before withholding		
Men	822,252	100.0	11.9	18.1	15.3	12.3	10.1	23.6	8.7	\$2,748	\$4,298	0.64	38
Aged 62-64:													
White.....	107,650	100.0	19.0	31.5	19.7	11.1	6.6	9.3	2.8	1,791	3,824	.47	13
Less than \$225.00 ...	9,367	100.0	33.5	42.2	9.7	2.9	2.3	3.5	5.9	787	1,865	.42	14
225.00-374.90	52,418	100.0	22.2	37.2	24.7	8.2	2.5	2.6	2.6	1,482	3,472	.42	8
375.00 or more	45,865	100.0	12.3	22.7	16.3	16.0	12.3	18.2	2.2	2,351	4,626	.51	30
Black.....	12,002	100.0	18.8	42.3	22.3	8.1	3.5	2.2	2.8	1,553	3,351	.46	9
Less than \$225.00 ...	2,675	100.0	31.0	53.9	7.2	1.6	1.0	1.0	4.3	820	2,007	.41	10
225.00-374.90	7,377	100.0	16.8	43.3	28.8	6.9	1.2	.6	2.4	1,562	3,417	.46	8
375.00 or more	1,950	100.0	9.9	22.5	18.7	21.2	15.5	10.4	1.8	2,524	4,948	.51	14
Other	2,507	100.0	17.0	35.7	22.4	11.7	6.1	4.5	2.6	1,772	3,649	.49	11
Less than \$225.00 ...	469	100.0	29.4	48.4	12.6	1.6	1.2	2.3	4.5	838	1,995	.42	14
225.00-374.90	1,348	100.0	17.1	40.9	25.9	9.5	2.2	1.4	3.0	1,606	3,576	.45	9
375.00 or more	690	100.0	8.4	18.7	18.4	23.4	17.1	13.5	.5	2,730	4,915	.56	15
Aged 65-71:													
White.....	641,230	100.0	10.2	14.8	14.1	12.6	20.8	27.5	9.9	2,989	4,448	.67	47
Less than \$225.00 ...	45,606	100.0	17.9	22.0	11.4	6.9	6.3	8.4	27.1	1,235	2,012	.61	46
225.00-374.90	213,523	100.0	20.1	25.9	22.7	11.9	4.8	7.0	7.6	1,942	3,912	.50	23
375.00 or more	382,101	100.0	3.7	7.7	9.6	13.6	15.1	41.2	9.1	3,783	5,038	.75	55
Black.....	42,648	100.0	16.7	26.4	21.0	13.3	8.2	14.4	7.1	1,993	3,664	.54	28
Less than \$225.00 ...	8,570	100.0	24.2	30.7	10.9	6.1	5.6	3.4	19.1	1,066	2,070	.51	36
225.00-374.90	23,108	100.0	19.7	32.3	27.7	11.3	3.0	2.1	3.9	1,741	3,705	.47	18
375.00 or more	10,970	100.0	4.7	10.4	14.8	23.2	21.1	21.5	4.3	3,249	4,822	.67	42
Other	10,809	100.0	14.2	21.6	17.3	12.5	9.5	16.1	8.8	2,336	3,993	.59	35
Less than \$225.00 ...	1,745	100.0	18.6	31.3	14.2	6.0	5.9	5.6	18.1	1,228	2,092	.59	40
225.00-374.90	5,052	100.0	20.9	29.3	22.9	11.4	3.7	5.5	6.3	1,804	3,988	.45	21
375.00 or more	4,012	100.0	3.9	7.9	11.5	16.7	18.1	34.1	7.8	3,488	4,828	.72	51
Women	358,748	100.0	21.5	32.0	20.8	10.7	5.4	5.4	4.2	1,736	3,124	.56	20
Aged 62-64:													
White.....	66,805	100.0	34.8	43.6	13.2	3.7	1.8	1.7	1.2	993	2,353	.42	6
Less than \$225.00 ...	27,413	100.0	49.3	43.8	3.6	.8	.5	.4	1.6	595	1,696	.35	6
225.00-374.90	34,818	100.0	26.5	46.4	20.5	4.0	1.0	.7	.9	1,192	2,693	.44	5
375.00 or more	4,574	100.0	10.5	21.6	14.6	19.5	15.5	17.3	1.0	1,900	3,699	.51	8
Black.....	6,696	100.0	34.0	47.8	11.1	2.7	1.2	1.2	2.0	928	2,127	.44	7
Less than \$225.00 ...	3,782	100.0	46.9	46.5	3.0	.4	.2	.3	2.6	610	1,667	.37	6
225.00-374.90	2,629	100.0	18.6	53.4	21.1	4.5	.9	.3	1.3	1,252	2,610	.48	8
375.00 or more	285	100.0	4.6	11.6	24.9	17.5	17.9	22.1	1.4	2,152	3,772	.57	5
Other	1,140	100.0	32.0	47.1	13.6	1.8	1.4	2.1	2.0	966	2,149	.45	8
Less than \$225.00 ...	599	100.0	44.7	46.2	5.9	.7	.2	.3	2.0	639	1,696	.39	7
225.00-374.90	500	100.0	19.0	51.4	22.2	2.2	2.0	1.2	2.0	1,262	2,620	.48	7
375.00 or more	41	100.0	4.9	15.6	15.4	9.7	13.0	39.0	2.4	2,008	3,689	.54	10
Aged 65-71:													
White.....	259,816	100.0	17.8	28.3	23.0	12.7	6.5	6.6	5.1	1,969	3,378	.58	24
Less than \$225.00 ...	49,072	100.0	36.2	34.7	10.1	4.5	2.4	1.8	10.3	891	2,096	.43	22
225.00-374.90	145,605	100.0	17.8	34.6	30.7	10.1	2.4	1.8	2.6	1,710	3,293	.52	16
375.00 or more	65,139	100.0	3.9	8.9	15.4	25.2	18.9	21.0	6.7	3,359	4,533	.74	44
Black.....	18,842	100.0	21.6	36.1	21.0	9.7	3.8	3.2	4.6	1,504	2,835	.53	21
Less than \$225.00 ...	6,644	100.0	37.6	39.3	8.7	3.6	1.6	.9	8.3	796	1,963	.41	19
225.00-374.90	9,914	100.0	15.3	40.3	29.8	9.8	1.5	.9	2.8	1,607	3,043	.53	19
375.00 or more	2,284	100.0	2.7	9.0	18.8	26.4	20.1	19.6	3.4	3,115	4,473	.70	36
Other	3,060	100.0	17.0	32.2	22.5	11.7	5.5	6.8	4.3	1,709	2,886	.59	29
Less than \$225.00 ...	961	100.0	29.1	41.5	16.0	3.5	2.1	2.3	5.5	909	1,876	.48	26
225.00-374.90	1,617	100.0	14.2	33.4	28.6	13.1	3.8	3.4	3.5	1,760	3,086	.57	26
375.00 or more	482	100.0	2.5	9.8	13.1	22.0	20.8	27.2	4.6	3,154	4,295	.73	47

Excludes 5,406 men and 2,389 women for whom race data were not available.

Table 6.—Number and percentage distribution of retired-worker beneficiaries affected by earnings test and amount of family benefits withheld and before withholding, by age group, sex, race, and type of beneficiary family, 1977

Sex, race, and type of beneficiary family	Retired-worker beneficiaries affected by earnings test						Amount of family benefits (in thousands)					
	Total		Aged 62-64		Aged 65-71		Total		Aged 62-64		Aged 65-71	
	Number ¹	Percentage distribution	Number	Percentage distribution	Number	Percentage distribution	Withheld	Before withholding	Withheld	Before withholding	Withheld	Before withholding
Total.....	1,181,000	100.0	197,945	100.0	983,055	100.0	\$2,882,330	\$4,654,760	\$291,205	\$638,177	\$2,591,125	\$4,016,583
Men.....	822,252	69.6	122,767	62.0	699,485	71.2	2,259,470	3,534,088	217,041	463,143	2,042,429	3,070,945
Women.....	358,748	30.4	75,178	38.0	283,570	28.8	622,860	1,120,672	74,164	175,034	548,696	945,638
Men ¹	816,846	100.0	122,159	100.0	694,687	100.0	2,242,807	3,512,562	215,913	461,039	2,026,894	3,051,524
White.....	748,880	91.7	107,650	88.1	641,230	92.3	2,109,470	3,263,775	192,836	411,667	1,916,634	2,852,108
Black and other.....	67,966	8.3	14,509	11.9	53,457	7.7	133,337	248,787	23,077	49,372	110,260	199,416
Women ¹	356,359	100.0	74,641	100.0	281,718	100.0	618,640	1,113,758	73,621	173,855	545,019	939,904
White.....	326,621	91.7	66,805	89.5	259,816	92.2	577,758	1,034,808	66,309	157,162	511,449	877,646
Black and other.....	29,738	8.3	7,836	10.5	21,902	7.8	40,882	78,950	7,312	16,693	33,570	62,258
Beneficiary family.....	1,181,000	100.0	197,945	100.0	983,055	100.0	2,882,330	4,654,760	291,205	638,177	2,591,126	4,016,582
Worker only.....	884,379	74.9	141,285	71.4	743,094	75.5	1,940,475	3,026,658	162,393	374,444	1,778,081	2,652,215
Men.....	532,787	45.1	69,025	34.9	463,762	47.1	1,330,672	1,932,950	92,030	208,177	1,238,642	1,724,773
Worker and spouse.....	219,519	18.6	30,758	15.5	188,761	19.2	728,054	1,192,644	72,476	134,753	655,579	1,057,890
Worker and children.....	33,946	2.9	10,727	5.4	23,219	2.4	87,418	173,070	20,744	47,549	66,674	125,520
Worker, spouse, and children.....	43,156	3.6	15,175	7.7	27,981	2.9	126,383	262,388	35,592	81,431	90,792	180,957

¹ Excludes 5,406 men and 2,389 women for whom race data were not available.

men and 15 percent of the men of other minority races earned \$13,000 or more, compared with that level of earnings by 29 percent of the white men. Even among families with a white male retired-worker, earnings levels were lower among families with entitled children.

Among these families, less than 30 percent of the workers earned \$13,000 or more, compared with that level of earnings by 39 percent of the worker and wife families and 35 percent of the male worker-only beneficiaries (table 8).

Table 7.—Number of retired-worker beneficiaries affected by earnings test, percentage distribution, by amount of earnings, average benefit withheld and before withholding, and percent who lost all benefits, by type of beneficiary family, sex, and primary insurance amount, 1977

Type of beneficiary family and primary insurance amount	Number	Percentage distribution by amount of earnings								Average benefit amount		Ratio of benefits withheld to amount before withholding	Percent who lost all benefits
		Total	Less than \$4,000	\$4,000-6,999	\$7,000-9,999	\$10,000-12,999	\$13,000-16,499	\$16,500 or more	Unknown	Withheld	Before withholding		
Worker only.....	884,379	100.0	15.5	23.5	17.5	11.5	8.0	16.0	8.0	\$2,194	\$3,422	0.64	35
Men.....	532,787	100.0	11.5	17.8	15.3	12.1	10.0	23.1	10.2	2,498	3,628	.69	44
Less than \$225.00.....	50,561	100.0	20.2	25.8	10.8	6.1	5.9	6.9	24.3	1,088	1,762	.62	43
225.00-374.90.....	203,304	100.0	19.4	28.4	23.9	11.1	4.2	5.9	7.1	1,779	3,299	.54	25
375.00 or more.....	278,922	100.0	4.2	8.6	9.8	13.9	15.0	38.5	10.0	3,277	4,206	.78	59
Women.....	351,592	100.0	21.5	32.0	20.8	10.7	5.3	5.4	4.3	1,735	3,110	.56	21
Less than \$225.00.....	87,182	100.0	40.8	38.4	7.8	3.1	1.6	1.3	7.0	775	1,929	.40	16
225.00-374.90.....	192,927	100.0	19.2	37.3	22.5	8.9	2.0	1.6	2.3	1,604	3,147	.51	16
375.00 or more.....	71,483	100.0	4.2	9.7	15.4	24.8	18.7	20.9	6.3	3,256	4,455	.73	42
Worker and spouse.....	219,519	100.0	12.1	17.4	14.6	12.3	10.3	27.0	6.3	3,279	5,360	.61	31
Male worker.....	215,355	100.0	12.1	17.1	14.5	12.3	10.3	27.3	6.4	3,242	5,464	.61	31
Less than \$225.00.....	10,314	100.0	25.0	28.9	11.3	6.3	4.6	6.5	17.4	1,303	2,690	.48	27
225.00-374.90.....	71,025	100.0	22.9	28.4	21.7	10.3	4.3	6.9	5.5	1,966	4,616	.43	14
375.00 or more.....	134,016	100.0	5.3	10.3	10.9	13.6	14.1	39.8	6.0	4,228	6,126	.69	41
Female worker.....	4,164	100.0	14.2	31.3	22.7	13.7	8.4	7.2	2.5	1,996	3,844	.52	15
Worker and children.....	33,946	100.0	14.4	24.2	18.2	13.7	9.7	15.4	4.4	2,575	5,098	.50	17
Male worker.....	31,045	100.0	13.3	23.0	18.3	14.1	10.2	16.5	4.6	2,668	5,234	.51	18
Less than \$225.00.....	3,243	100.0	23.1	35.7	12.2	5.6	4.9	5.8	12.7	1,145	2,510	.46	22
225.00-374.90.....	12,888	100.0	19.7	32.1	25.1	11.4	3.4	4.2	4.1	1,902	4,804	.40	10
375.00 or more.....	14,914	100.0	5.6	12.3	13.8	18.2	17.3	29.4	3.4	3,661	6,198	.59	25
Female worker.....	2,901	100.0	25.8	37.0	18.0	8.5	4.4	3.8	2.5	1,582	3,645	.43	8
Worker, spouse, and children.....	43,156	100.0	14.0	23.3	18.7	13.9	10.5	15.5	4.1	2,928	6,080	.48	15
Male worker.....	43,065	100.0	14.0	23.2	18.6	13.8	10.6	15.6	4.2	2,931	6,084	.48	15
Less than \$225.00.....	4,964	100.0	25.0	37.7	11.9	4.8	3.5	5.0	12.1	1,224	2,666	.46	22
225.00-374.90.....	18,531	100.0	19.6	31.0	25.4	12.2	3.9	4.4	3.5	2,053	5,586	.37	8
375.00 or more.....	19,570	100.0	6.0	12.1	13.7	17.7	18.8	29.0	2.7	4,195	7,423	.57	20
Female worker.....	91	100.0	22.0	33.0	35.1	5.5	2.2	1.1	1.1	1,683	4,163	.40	2

Table 8.—Number and percent of retired-worker beneficiaries affected by earnings test, and percent with earnings of less than \$7,000 and of \$13,000 or more, by type of beneficiary, sex, and race, 1977

Type of beneficiary family and sex and race of worker	Beneficiary family		Percent with earnings	
	Number ¹	Percent	Less than \$7,000	\$13,000 or more
Worker only:				
Men	529,006	100.0	29.3	33.1
White	485,098	91.7	28.0	34.5
Black	36,110	6.8	46.0	13.8
Other	7,798	1.5	38.3	23.9
Women	349,252	100.0	53.5	10.7
White	320,631	91.8	52.7	11.1
Black	24,627	7.1	64.1	5.7
Other	3,994	1.1	57.6	9.7
Worker and spouse:				
Male worker	214,054	100.0	29.2	37.3
White	203,085	94.9	28.4	38.7
Black	8,505	4.0	48.1	12.9
Other	2,464	1.1	32.5	29.0
Female worker	4,146	100.0	45.5	15.6
White	3,634	87.7	44.7	16.0
Black and other	512	12.3	51.0	12.7
Worker and children:				
Male worker	30,916	100.0	36.3	26.7
White	25,560	82.7	33.4	29.6
Black	4,315	13.9	50.8	11.5
Other	1,041	3.4	47.9	15.3
Female worker	2,871	100.0	62.8	8.2
White	2,292	79.8	61.4	8.9
Black and other	579	20.2	67.5	5.9
Worker, spouse, and children:				
Male worker	42,870	100.0	37.2	26.2
White	35,137	82.0	34.9	29.0
Black	5,720	13.3	48.9	12.9
Other	2,013	4.7	45.3	15.2
Female worker ²	90	100.0	55.0	7.7

¹ Excludes workers for whom race was unknown.

² Race data not available.

Relatively fewer families with entitled children lost all of the benefits payable to them during the year because of their earnings. Among families with a male worker, 15 percent of the worker-spouse-and-children families and 18 percent of the worker and children families lost all of their benefits, compared with 31 percent of the worker-and-spouse families and 44 percent of the worker-only beneficiaries. These differences are partly due to the lower earnings of the workers in these families and partly due to the additional benefits payable to dependents. Monthly benefit amounts for workers with dependents are larger than those for worker-only beneficiaries with the same PIA because they include amounts to which dependents are entitled.⁷ Thus, for workers with similar earnings and PIA's, the families with dependents would have more benefits that the excess earnings could be charged against and would retain more of their yearly benefits.

⁷ The spouse and children of a retired worker may each receive 50 percent of the worker's PIA subject to a statutory family maximum, which normally ranges from 150 percent to 188 percent of the PIA. If total benefits for all family members exceed this maximum, the benefits for the dependents are proportionately reduced. The earnings test is applied against the amount that the family actually receives.

Type of Employment

Information about the type of employment in 1977 (wage and salary, self-employment, or a combination of the two) was available for 93 percent of the retired workers affected by the earnings test. Relatively more men (19 percent) than women (5 percent) were self-employed or had a combination of wage and salary employment or self-employment.

Compared with wage and salary workers, proportionately more of the self-employed and/or workers with earnings from a combination of wage and salary employment and self-employment had earnings of \$13,000 or more. Among men, 46 percent of those with self-employment and 42 percent with earnings from a combination of wage and salary employment and self-employment had earnings this high, compared with 35 percent of those who were exclusively wage and salary workers. The corresponding proportions for women were 25 percent, 22 percent, and 11 percent. Thirty-four percent of the self-employed women and 26 percent of the women who had a combination of wage and salary and self-employment lost all of their benefits because of earnings, compared with only 17 percent of the women wage and salary workers. Among men, all benefits were lost by 41 percent of the self-employed, 34 percent of those with earnings from wage and salary and self-employment, and 32 percent of the wage and salary workers (table 9).

State of Residence

There were eight States that had at least 50,000 retired workers affected by the earnings test in 1977. These States—California, Florida, Illinois, New York, New Jersey, Ohio, Pennsylvania, and Texas—accounted for about one-half of all retired workers affected by the earnings test. In contrast, 17 States and the District of Columbia each had fewer than 10,000 affected beneficiaries and together accounted for only 7 percent of the retired workers who lost benefits because of their earnings.

The proportion of men earning \$10,000 or more in 1977 ranged from 31 percent in Maine and Mississippi to 65 percent in Alaska. The proportion of women who earned this much ranged from lows of 11 percent in Maine, 12 percent in South Dakota, and 13 percent in Mississippi, to a high of 54 percent in Alaska. In 21 States and the District of Columbia, 45 percent or more of the men retired workers earned \$10,000 or more; in 17 States and the District of Columbia, 20 percent of the women earned this much. The percentage of beneficiaries with earnings of \$10,000 or more tended to be highest in the Middle Atlantic, East North Central, and Pacific Divisions. In no East South Central or West South Central State did as many as 45 percent of the

Table 9.—Number of retired-worker beneficiaries affected by earnings test, percentage distribution, by amount of earnings, average benefit withheld and before withholding, and percent who lost all benefits, by sex, type of employment, and primary insurance amount, 1977

Sex, type of employment, and primary insurance amount	Number ¹	Percentage distribution, by amount of earnings								Average benefit amount		Ratio of benefits withheld to amount before withholding	Percent who lost all benefits
		Total	Less than \$4,000	\$4,000–6,999	\$7,000–9,999	\$10,000–12,999	\$13,000–16,499	\$16,500 or more	Unknown	Withheld	Before withholding		
Men	822,252	100.0	11.9	18.1	15.3	12.3	10.1	23.6	8.7	\$2,748	\$4,298	0.64	38
Wage and salary	595,639	100.0	13.7	19.8	17.6	14.2	11.3	23.2	.2	2,559	4,240	.60	32
Less than \$225.00	44,521	100.0	26.4	34.4	14.4	8.0	7.6	8.8	.4	967	2,015	.48	25
225.00–374.90	224,109	100.0	23.1	30.3	26.7	12.1	3.7	3.9	.2	1,711	3,793	.45	14
375.00 or more	327,009	100.0	5.6	10.6	11.7	16.5	17.0	38.4	.2	3,356	4,850	.69	45
Self-employed	124,768	100.0	10.4	19.8	13.2	9.8	9.1	37.1	.6	3,022	4,618	.65	41
Less than \$225.00	7,555	100.0	33.9	40.2	11.7	5.0	2.8	5.1	1.3	934	2,198	.42	20
225.00–374.90	51,385	100.0	16.5	32.0	18.0	9.9	6.7	16.2	.7	1,962	3,945	.50	26
375.00 or more	65,828	100.0	2.9	8.0	9.5	10.3	11.8	57.1	.4	4,088	5,420	.75	56
Wage and salary and self-employed	31,940	100.0	8.8	19.3	16.4	13.1	13.6	28.7	.1	2,754	4,523	.61	34
Less than \$225.00	2,165	100.0	22.1	32.9	14.6	9.2	7.4	12.8	1.0	1,039	2,041	.51	27
225.00–374.90	11,578	100.0	14.4	30.9	23.9	13.3	7.3	10.0	.2	1,908	3,869	.49	21
375.00 or more	18,197	100.0	3.6	10.2	11.8	13.4	18.3	42.6	.1	3,496	5,234	.67	43
Women	358,748	100.0	21.5	32.0	20.8	10.7	5.4	5.4	4.2	1,736	3,124	.56	20
Wage and salary	324,349	100.0	22.7	33.6	21.9	11.2	5.4	5.1	.1	1,661	3,107	.53	17
Less than \$225.00	78,759	100.0	44.2	41.5	8.1	3.2	1.6	1.2	.2	706	1,946	.36	10
225.00–374.90	182,235	100.0	19.6	38.4	29.8	9.0	1.9	1.2	.1	1,570	3,155	.50	12
375.00 or more	63,355	100.0	4.6	10.3	16.6	27.2	20.2	21.0	.1	3,110	4,415	.70	37
Self-employed	14,435	100.0	19.0	30.0	15.5	10.4	7.6	17.0	.5	2,036	3,332	.61	34
Less than \$225.00	3,373	100.0	35.5	38.8	12.1	5.6	2.9	4.2	.9	886	1,989	.45	22
225.00–374.90	7,297	100.0	19.4	35.7	18.1	9.9	6.1	10.3	.5	1,696	3,218	.53	28
375.00 or more	3,765	100.0	3.6	11.0	13.5	15.6	14.6	41.4	.3	3,724	4,754	.78	57
Wage and salary and self-employed	5,125	100.0	15.5	27.8	20.5	14.1	11.2	10.8	.1	2,005	3,405	.59	26
Less than \$225.00	1,060	100.0	30.8	39.0	13.2	6.3	5.1	4.8	.5	892	1,909	.51	21
225.00–374.90	2,461	100.0	16.1	33.0	26.1	13.4	6.1	5.2	.1	1,745	3,263	.53	21
375.00 or more	1,604	100.0	4.5	12.4	16.8	20.4	22.7	23.2	.1	3,137	4,612	.68	38

¹ Excludes 69,905 men and 14,839 women for whom type of employment was not available.

men, or 20 percent of the women, earn as much as \$10,000 (table 10).

Dependent and Survivor Beneficiaries Affected

Dependents of retired and disabled workers and survivors of deceased workers can also receive monthly cash benefits if they meet certain requirements.⁸ Eligible wives, husbands, and children of retired and disabled workers can receive up to 50 percent of the worker's PIA. Surviving children can receive up to 75 percent of the worker's PIA. Widowed mothers and fathers who are entitled to benefits because they are caring for these children can also receive up to 75 percent. Aged widows and widowers, who must be at least age 60, can receive between 71.5 percent and 100 percent of the worker's PIA, and dependent surviving parents, who

must be at least age 62, can receive up to 82.5 percent. In 1977, these beneficiaries were subject to reduction or loss of benefits under the same annual and monthly earnings tests that applied to retired workers.

About 370,000 dependent and survivor beneficiaries—or about 4 percent of all such beneficiaries on the rolls at the end of 1977—had earnings high enough to cause the loss of some or all of their benefits. Seventy-four percent of these beneficiaries were survivors of deceased workers, 15 percent were dependents of disabled workers, and 11 percent were dependents of retired workers (table 11). The dependents of retired and disabled workers counted here exclude those in families in which the worker also lost benefits.

The 370,000 dependents and survivors who lost some benefits because of the earnings test in 1977 obviously had earnings of more than \$3,000. Many other dependent and survivor beneficiaries may also have had earnings exceeding that figure, even though they were not counted among those who lost benefits. Sometimes the benefit for a working dependent or survivor continues to be paid because, under the family maximum

⁸ For a discussion of the requirements for benefits, see U.S. Department of Health, Education, and Welfare, Social Security Administration, *Social Security Handbook*, July 1978, pages 36-100.

Table 10.—Number of retired-worker beneficiaries affected by earnings test, percent with earnings of \$10,000 or more, average benefit amount withheld and before withholding, and percent who lost all benefits, by State of residence and sex, 1977¹

State and geographic division	Men					Women				
	Number	Percent with earnings of \$10,000 or more	Average benefit amount		Percent who lost all benefits	Number	Percent with earnings of \$10,000 or more	Average benefit amount		Percent who lost all benefits
			Withheld	Before withholding				Withheld	Before withholding	
New England:										
Maine.....	4,239	31.2	\$2,309	\$4,110	27	1,771	10.9	\$1,327	\$2,846	12
New Hampshire.....	3,709	37.2	2,537	4,296	30	1,746	14.8	1,599	3,201	11
Vermont.....	1,773	35.4	2,416	4,345	26	890	17.8	1,664	3,169	13
Massachusetts.....	26,647	45.3	2,855	4,279	42	14,039	17.9	1,768	3,115	22
Rhode Island.....	4,391	44.0	2,840	4,381	35	2,336	15.2	1,615	3,101	14
Connecticut.....	14,722	49.7	2,974	4,535	38	6,913	19.9	1,840	3,312	18
Middle Atlantic:										
New York.....	86,719	52.5	3,151	4,541	44	44,983	30.6	2,145	3,459	25
New Jersey.....	37,475	52.3	3,086	4,497	42	17,662	28.4	2,067	3,403	22
Pennsylvania.....	48,320	48.0	2,852	4,453	37	22,082	20.0	1,716	3,140	18
East North Central:										
Ohio.....	36,848	46.6	2,775	4,274	41	13,686	18.2	1,643	2,999	22
Indiana.....	18,289	46.7	2,737	4,422	35	7,880	19.9	1,680	3,155	16
Illinois.....	50,521	52.2	2,991	4,401	44	22,898	22.8	1,929	3,253	24
Michigan.....	23,645	54.9	2,926	4,512	41	9,449	28.0	1,863	3,238	23
Wisconsin.....	15,899	43.9	2,627	4,471	32	7,320	18.6	1,543	3,069	14
West North Central:										
Minnesota.....	12,747	43.3	2,404	4,229	31	5,258	15.7	1,373	2,899	15
Iowa.....	12,510	44.8	2,533	4,388	31	4,943	17.6	1,507	3,017	15
Missouri.....	17,580	43.0	2,719	4,336	36	8,726	17.4	1,643	3,101	16
North Dakota.....	3,376	41.7	2,180	4,372	18	929	15.5	1,318	2,765	13
South Dakota.....	2,719	32.3	2,177	4,065	27	1,083	12.1	1,266	2,795	11
Nebraska.....	7,153	39.5	2,525	4,323	30	2,777	15.7	1,386	2,954	12
Kansas.....	10,522	44.0	2,618	4,417	33	4,091	18.2	1,529	3,044	16
South Atlantic:										
Delaware.....	1,882	48.6	2,650	4,290	35	765	21.4	1,545	3,005	19
Maryland.....	13,847	50.0	2,853	4,246	45	5,961	26.5	1,858	3,158	26
District of Columbia.....	2,523	48.2	2,870	3,874	53	1,641	26.6	1,839	2,917	35
Virginia.....	15,102	40.0	2,520	4,058	37	6,799	17.1	1,537	2,977	17
West Virginia.....	4,978	45.9	2,758	4,343	36	2,078	17.7	1,554	2,954	17
North Carolina.....	16,767	32.3	2,305	3,965	30	8,099	11.3	1,349	2,863	12
South Carolina.....	8,074	34.4	2,287	3,948	30	3,784	13.6	1,463	2,968	13
Georgia.....	14,256	35.8	2,409	3,973	34	6,681	14.9	1,466	2,884	16
Florida.....	44,683	42.0	2,523	4,162	34	17,839	21.0	1,649	3,028	20
East South Central:										
Kentucky.....	9,083	39.7	2,531	4,095	35	3,683	15.1	1,405	2,806	16
Tennessee.....	14,168	37.1	2,477	4,055	34	6,574	14.2	1,450	2,930	14
Alabama.....	11,785	37.8	2,426	3,981	34	4,442	17.4	1,534	2,922	17
Mississippi.....	7,644	30.6	2,186	3,793	29	3,292	13.0	1,338	2,777	14
West South Central:										
Arkansas.....	6,996	33.6	2,297	3,953	31	2,975	13.4	1,387	2,791	15
Louisiana.....	12,491	39.1	2,590	4,125	38	3,985	15.7	1,590	2,901	20
Oklahoma.....	10,119	39.4	2,589	4,153	37	4,540	17.6	1,552	2,948	17
Texas.....	46,261	41.8	2,713	4,177	39	17,707	17.7	1,581	2,932	20
Mountain:										
Montana.....	2,871	42.6	2,422	4,283	29	1,007	19.7	1,505	2,967	16
Idaho.....	3,082	37.6	2,273	4,209	26	987	13.7	1,239	2,687	14
Wyoming.....	1,550	44.1	2,602	4,245	36	532	20.3	1,495	2,954	18
Colorado.....	7,962	45.1	2,604	4,189	39	2,974	19.2	1,596	2,978	22
New Mexico.....	3,420	40.8	2,464	4,116	34	1,264	22.6	1,672	3,010	21
Arizona.....	8,171	46.2	2,544	4,313	34	3,214	23.4	1,626	3,150	19
Utah.....	3,636	47.7	2,605	4,309	39	1,354	18.2	1,342	2,903	17
Nevada.....	3,620	46.0	2,715	4,058	44	1,363	21.3	1,748	2,944	27
Pacific:										
Washington.....	13,025	51.1	2,650	4,357	37	5,090	21.4	1,582	3,046	20
Oregon.....	8,326	47.2	2,519	4,283	35	3,492	20.0	1,518	3,008	19
California.....	77,365	52.2	2,881	4,318	44	32,958	26.4	1,848	3,170	27
Alaska.....	738	65.0	2,744	4,142	42	267	53.6	2,372	3,174	52
Hawaii.....	3,024	42.4	2,542	4,184	38	1,043	24.9	1,720	3,000	24

¹ Excludes beneficiaries for whom State data were not available.

Table 11.—Number and percentage distribution of dependent and survivor beneficiaries under age 72 on rolls at end of year and of those affected by earnings test and amount of benefits withheld and before withholding, by type of beneficiary, 1977

Type of beneficiary, sex, and age	On rolls at end of year		Affected by earnings test						
	Number	Percentage distribution	Number	Percentage distribution	Percent on rolls	Amount of benefits (in thousands)		Ratio of benefits withheld to amount before withholding	Percent of black and other minority races
						Withheld	Before withholding		
Total.....	9,476,252	100.0	370,297	100.0	3.9	\$362,945	\$688,932	0.53	12.4
Dependents of retired workers:									
Total.....	2,506,385	26.4	40,934	11.0	1.6	25,338	45,557	.56	13.0
Wives.....	1,919,283	20.2	31,694	8.5	1.7	20,944	35,093	.60	13.3
Husbands.....	19,002	.2	1,107	.3	5.8	581	769	.76	10.7
Children ¹	568,100	6.0	8,133	2.2	1.4	3,813	9,695	.39	12.1
Dependents of disabled workers:									
Total.....	2,036,484	21.5	56,943	15.4	2.8	34,038	61,211	.56	12.9
Wives.....	507,276	5.3	47,032	12.7	9.3	29,793	51,314	.58	13.5
Husbands.....	1,528	.1	45	.1	2.9	21	26	.81	(²)
Children ¹	1,527,680	16.1	9,866	2.6	.6	4,224	9,871	.43	9.0
Survivors of deceased workers:									
Total.....	4,933,383	52.1	272,420	73.6	5.5	303,569	582,164	.52	12.2
Widows ³	1,615,557	17.0	84,664	22.9	5.2	92,520	209,136	.44	7.0
Widowers ³	6,374	.1	693	.2	10.9	565	942	.60	13.9
Widowed mothers.....	635,921	6.7	147,597	39.8	23.2	185,042	306,154	.60	15.8
Widowed fathers.....	14,175	.1	7,568	2.0	53.4	7,272	10,372	.70	11.8
Children ¹	2,659,049	28.1	31,888	8.6	1.2	18,160	55,544	.33	9.5
Parents.....	2,307	.1	10	.1	.4	10	16	.63	(³)

¹ Excludes disabled children.

² Data not available.

³ Excludes disabled widows and widowers.

provision of the law, the total family benefit amount would remain the same whether or not the withholding is processed.⁹

Almost one-fourth of the widowed mothers on the benefit rolls, as well as about half of the widowed fathers and about one-tenth of the wives of disabled workers, lost some or all of their benefits because of earnings.¹⁰ Considerably smaller proportions of the other dependent and survivor beneficiaries lost some benefits. Widowed mothers and fathers and wives of disabled workers are generally younger than aged widows and wives of retired workers and are therefore more likely to be in the labor force. At the end of 1977, almost all widowed-mother and widowed-father beneficiaries and 84 percent of the wives of disabled workers

⁹ Individual benefits for dependents or survivors in large families are proportionately reduced to keep total family benefits within the limit determined by the family maximum provision. If one member earns enough to necessitate withholding of benefits, the amount withheld is added, proportionately, to the benefits of the other members, bringing the total once again to the maximum. Since the amount payable to the family remains the same, sometimes no withholding is instituted. For more details on this procedure, see Barbara A. Lingg, "Widowed-Father Beneficiaries," *Social Security Bulletin*, February 1977, pages 28-29.

¹⁰ The proportion of widowed fathers affected by the earnings test might have been greater if all fathers whose children were survivor beneficiaries had applied for benefits. Fathers have been eligible only since 1975. A working father whose wife died before that year had no reason to apply. Even if they were working, however, mothers have routinely filed for benefits along with their children.

receiving benefits were under age 62, and 67 percent of the mothers and fathers and 61 percent of the wives were under age 50.¹¹ In contrast, only 6 percent of the wives of retired workers were under age 62. Only 2 percent of the wives of retired workers and 5 percent of the aged widows lost benefits because of their earnings.

One percent of all child beneficiaries lost benefits. Most of them were student beneficiaries, aged 18-22, who had sizable earnings from part-time and summer employment. Some students may have left school temporarily and worked for a while.

Thirteen percent of the dependents of retired workers who lost benefits due to their own earnings were of black and other minority races. This percentage was somewhat higher than the percentage of retired workers affected by the test who were of black or other minority races—8 percent. Thirteen percent of the dependents of disabled workers and 12 percent of the survivors who lost benefits due to their own earnings were of black or other minority races. Sixteen percent of the widowed mothers, but only 7 percent of the aged widows who lost benefits, were of black and other minority races.

The family maximum is generally reached when there

¹¹ Widowed mother's and father's benefits are terminated when the youngest child attains age 18, unless the child is disabled. Since, by Social Security Administration program definition, all disabled workers are under age 65, their wives tend to be younger than the wives of retired workers.

Table 12.—Number of dependent and survivor beneficiaries who lost benefits because of own earnings, percentage distribution, by amount of earnings, average benefit amount withheld and before withholding, by type of beneficiary and age, 1977

Type of beneficiary and age	Percentage distribution, by amount of earnings									Average benefit amount		
	Number	Total	Less than \$4,000	\$4,000–6,999	\$7,000–9,999	\$10,000–12,999	\$13,000–16,499	\$16,500 or more	Unknown	Withheld	Before withholding	Ratio of benefits withheld to amount before withholding
Dependents of retired workers:												
Wives.....	31,694	100.0	14.4	31.0	20.7	10.9	5.9	4.1	13.0	\$ 661	\$1,104	0.60
Under 50.....	5,621	100.0	7.4	33.7	26.9	13.0	5.9	3.7	9.4	623	1,100	.57
50–61.....	14,386	100.0	8.1	34.7	25.4	11.9	5.7	3.8	10.4	670	1,132	.59
62–64.....	4,303	100.0	38.0	32.5	8.0	4.6	3.2	2.3	11.4	398	768	.52
65–71.....	7,384	100.0	18.4	21.0	14.3	11.2	7.9	5.8	21.4	825	1,263	.65
Husbands.....	1,107	100.0	7.3	14.7	10.2	9.8	11.6	23.8	22.6	525	694	.76
Children.....	8,133	100.0	32.0	48.8	11.1	13.7	.....	.....	4.4	464	1,175	.39
Under 18.....	519	100.0	48.2	43.4	2.9	1.6	.....	.....	3.9	360	1,261	.29
18–22.....	7,614	100.0	30.9	49.2	11.6	13.8	.....	.....	4.5	476	1,187	.40
Dependents of disabled workers:²												
Wives.....	47,032	100.0	7.2	34.7	27.8	13.1	5.7	3.4	8.1	633	1,085	.58
Under 35.....	7,115	100.0	7.4	36.3	28.6	12.8	4.6	2.5	7.8	530	1,005	.53
35–49.....	25,587	100.0	6.5	34.1	28.6	13.5	5.9	3.6	7.8	620	1,084	.57
50–61.....	13,969	100.0	7.8	34.9	26.2	12.7	5.9	3.5	9.0	715	1,158	.62
62–71.....	361	100.0	23.8	39.9	12.2	9.4	4.2	5.0	5.5	436	760	.57
Children.....	9,866	100.0	31.6	50.3	10.4	13.7	.....	.....	4.0	429	1,000	.43
Under 18.....	1,244	100.0	45.7	44.3	4.0	12.1	.....	.....	3.9	384	1,091	.35
18–22.....	8,622	100.0	29.6	51.0	11.3	13.9	.....	.....	4.2	434	987	.44
Survivors of deceased workers:³												
Widows.....	84,664	100.0	30.4	38.8	14.9	5.0	3.3	2.6	5.0	1,093	2,470	.44
Under 62.....	16,948	100.0	35.8	46.6	8.9	2.7	2.0	1.7	2.3	798	2,054	.39
62–64.....	36,674	100.0	30.8	42.7	14.7	4.2	3.0	2.2	2.4	1,084	2,527	.43
65–71.....	31,042	100.0	26.9	29.8	18.5	7.2	4.4	3.6	9.6	1,264	2,630	.48
Widowers.....	693	100.0	16.5	32.6	14.3	9.8	8.1	9.9	8.8	816	1,359	.60
Widowed mothers.....	147,597	100.0	9.1	28.2	25.9	14.7	7.5	4.8	9.8	1,254	2,074	.60
Under 35.....	19,797	100.0	10.2	32.2	26.3	14.2	5.9	2.5	8.7	1,205	2,201	.55
35–49.....	73,944	100.0	8.1	27.4	26.4	15.5	8.0	5.2	9.4	1,207	2,064	.59
50–64.....	53,856	100.0	10.1	27.9	25.1	13.9	7.2	5.0	10.8	1,336	2,042	.65
Widowed fathers.....	7,568	100.0	2.0	9.9	13.8	16.4	16.7	27.5	13.7	961	1,371	.70
Under 35.....	1,675	100.0	2.4	12.9	18.9	18.5	16.1	18.7	12.5	1,253	1,743	.72
35–49.....	3,283	100.0	1.7	8.4	11.1	16.4	16.8	32.7	12.9	887	1,352	.66
50–64.....	2,610	100.0	2.2	9.7	13.8	15.1	16.9	26.6	15.7	866	1,154	.75
Children.....	31,888	100.0	33.9	47.9	10.9	13.9	.....	.....	3.4	571	1,738	.33
Under age 18.....	3,029	100.0	51.4	41.1	3.7	1.6	.....	.....	2.2	476	2,057	.23
18–22.....	28,859	100.0	32.2	48.5	11.4	14.5	.....	.....	3.4	579	1,708	.34

¹ \$10,000 or more.

² Excludes 45 husbands.

³ Excludes 10 parents.

are more than two beneficiaries receiving benefits on an earnings record. That situation is far more likely for widowed-mother-and-children, widowed-father-and-children, or disabled-worker-wife-and-children families than for other family groups since, in these families, the parents are generally younger than in other families. Thus, the proportion of widowed mothers and fathers and wives of disabled workers who had earnings of more than \$3,000 is probably higher than that shown in table 11. The number of wives and children of retired workers who had excess earnings may also be somewhat understated.

Earnings and Benefit Losses

The dependent and survivor beneficiaries who lost benefits because of their own earnings forfeited a total

of \$363 million during 1977—or 53 percent of the \$689 million that would have been payable to them had there been no deductions for earnings. Widowed fathers and husbands of retired workers tended to have higher earnings than other types of beneficiaries. Sixty-one percent of the fathers and 45 percent of the husbands earned at least \$10,000 in 1977. Twenty-seven percent of the widowed mothers earned \$10,000 or more, as did 22 percent of the wives of disabled workers, 21 percent of the wives of retired workers, and only 11 percent of the aged widows. Few child beneficiaries earned \$10,000 or more. Those who did were most likely to be student beneficiaries who left school for a while and then returned or individuals who had completed high school and obtained full-time employment before their benefits were terminated at age 18. Data on the number and types of dependent and survivor benefi-

ciaries who lost benefits because of their own earnings are shown in table 12.

The ratios of benefits withheld to benefits before withholding differed somewhat among the groups. For example, widowed fathers who were affected by the earnings test lost 70 percent of the benefits payable to them, widowed mothers lost 60 percent, and aged widows and widowers lost 44 percent. The benefits payable to these beneficiaries before withholding varied widely. For example, benefits before withholding averaged \$694 for husbands of retired workers, \$1,371 for widowed fathers, \$2,074 for widowed mothers, and \$2,470 for aged widows. The low benefits payable to

husbands and fathers reflect the low earnings of their wives.

Among both widowed mothers and widowed fathers, relatively more of the affected beneficiaries aged 35-49 earned \$10,000 or more than did those under age 35 or aged 50 and over. Among aged widows, the proportion with earnings of \$10,000 or more was somewhat lower for those aged 60-61 than for those aged 62-64, and the latter proportion was somewhat lower than that for those aged 65-71. Since the benefits for widows are actuarially reduced for each month of entitlement before age 65, many widows with fairly high earnings would not file for benefits until they attained that age.

Recently Published SSA Research

Functional Capacity Limitations and Disability, 1972-74

This third report from the 1974 Followup Survey of Disabled and Nondisabled Adults gives information on the extent of functional capacity limitations among adults of working age in 1974. Data presented show that restrictions in physical movement were much more common than difficulties with mobility outside the home or problems with personal care activities. Changes in functional capacity over time were also plotted by means of the functional capacity index, a composite measure of functional limitations.

1977 Recipient Characteristics Study: Part 1, Demographic and Program Statistics

Regional and State data are shown for recipients of aid to families with dependent children (AFDC) in March 1977. The 41 tables present statistics in four areas: AFDC family and household, children in the AFDC family, mothers of AFDC children, and fathers of AFDC children. These statistics and program changes since 1975 are summarized at the beginning of the report.

Earnings Distributions in the United States, 1974

This report presents earnings statistics for self-employed and wage or salary workers whose earnings were covered under the social security program in 1974. Data are arrayed according to various work-force, demographic, and metropolitan/nonmetropolitan classifiers. The distributions are presented for the United States as a whole; for regions, divisions, and States; and for the 120 largest metropolitan areas as of July 1, 1974.

Single copies of these reports may be obtained from the Publications Staff, Office of Research and Statistics, Social Security Administration, Room 1120, 1875 Connecticut Avenue, N.W., Universal North Building, Washington, D.C. 20009 (202) 673-5209.