

Statistical Notes from the New Beneficiary Data System

The New Beneficiary Data System (NBDS), developed by the Social Security Administration (SSA) over the past decade, is an increasingly important source of information on the changing circumstances of aged and disabled beneficiaries. Based initially on a survey of new beneficiaries conducted in 1982, the data set was subsequently enhanced with information from administrative records, and, in 1991, through followup interviews with survivors from the original survey. The result is a longitudinal data file—a rich source of information on these cohorts of aged and disabled persons during the first decade after they began receiving benefits.

First findings from the NBDS, with emphasis on the recent followup survey, are being presented in a series of brief statistical reports. The initial set—Notes 1 through 5—was published in the Fall 1993 Social Security Bulletin. The first report provided an overview of the NBDS data files, describing the original sample, the 1991 survivors, and the kind of information available in the NBDS. Notes 2 through 5 focused on persons in the disabled-worker cohort, describing their death rates, recovery rates, health and functional status, work attempts, and marital status.

The next set of reports—Notes 6 through 11—is presented below. This set focuses on the cohort of aged beneficiaries in the NBDS, a nationally representative sample of persons who first received Social Security benefits on the basis of old age in mid-1980-81. By the time of the 1991 survey, four-fifths of the original respondents were still alive. Interviews were completed with 87 percent of these survivors—3,428 of the original retired-worker men, 2,811 retired-worker women, and 1,754 wife or widow beneficiaries. By 1991, almost all of these persons were in their early- to mid-seventies.

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Health and Functional Status of the Aged Cohort

This note examines the health status of the surviving aged cohort in 1991. It also describes some of their physical and functional limitations, and changes in functional status since the 1982 survey.

• **Measuring health status.**

Two measures were used to determine health status in 1991: the respondents' own general assessments and their reports of specific health problems.

• **Aged beneficiaries were somewhat more likely than not to describe their health in positive terms.**

Almost 6 in 10 (57 percent) reported their health as either "good," "very good," or "excellent," whereas over 4 in 10 (43 percent) reported their health as only "fair" or "poor." When asked to compare their health with that of others their age, 45 percent reported their health as "better," but almost the same proportion (41 percent) reported their health as "worse."

• **Nonetheless, the majority reported multiple health disorders.**

Eight in 10 respondents reported at least two disorders, and over 6 in 10 (61 percent) had three or more disorders.

• *Musculoskeletal and circulatory conditions were the leading problems reported.*

By far, the most common were those affecting the musculoskeletal system. More than 6 in 10 (62 percent) reported arthritis, muscle, and bone conditions, and 20 percent reported permanent stiffness of the extremities. Circulatory disorders were the second most frequently cited—about 4 in 10 (41 percent) reported heart problems, and 18 percent reported prior heart attacks or strokes. Sensory disorders, including cataracts or glaucoma (27 percent), blindness or trouble seeing (16 percent), and deafness or trouble hearing (21 percent), were the third most frequently mentioned. These were followed by frequent problems with memory (18 percent) and by other nervous system disorders, including emotional problems or mental illness (17 percent).

• *There were some notable differences between men and women in reported health conditions.*

Women were generally more likely to report arthritis and muscle or bone conditions (67 percent, compared with 54 percent for men), cataracts or glaucoma (30 percent, 23 percent) and current heart conditions (44 percent, 38 percent). Men, on the other hand, were more likely to report hearing losses (28 percent, 15 percent) and prior heart attacks or strokes (24 percent, 14 percent). Women receiving benefits as wives and widows were somewhat more likely than other women and men to report emotional problems or mental illness (24 percent, 18 percent, 14 percent, respectively).

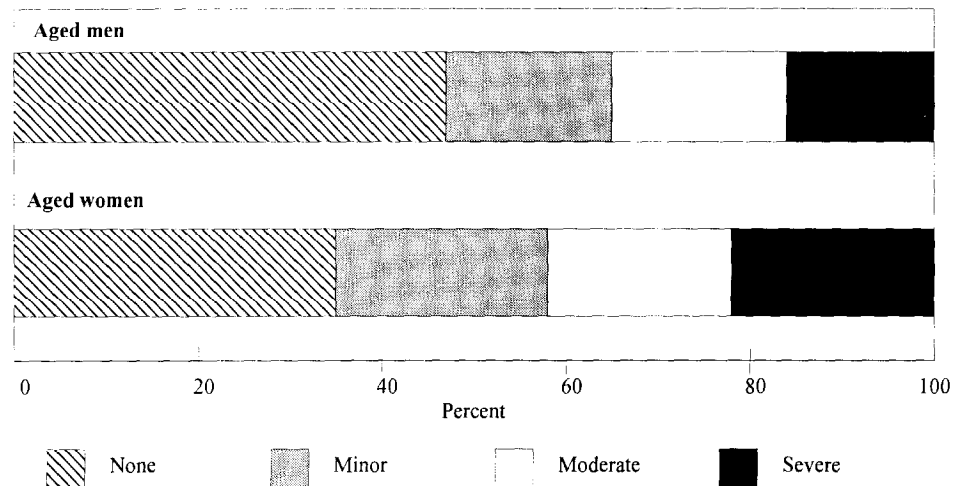
• *Measuring functional status.*

Functional status was assessed by three sets of measures that included (1) the activities of daily living (ADL), (2) instrumental activities of daily living (IADL), and (3) the index of functional capacity limitation designed to assess basic physical movements that include walking, climbing, lifting, bending, stooping, and grasping.

• *Most aged beneficiaries had no trouble performing daily activities.*

Less than 1 in 10 (9 percent) had trouble bathing, dressing, or using the toilet. Almost all (97 percent) could feed themselves. Most of the reported ADL limitations involved walking (20 percent) and transferring in or out of beds or chairs (18 percent). The most difficulty with IADL's occurred for activities associated with "working around the house" (17 percent), "shopping for groceries" (14 percent), "shopping for personal items" (12 percent), and "doing laundry" (12 percent).

Physical limitations in the aged cohort, 1991



- *Aged beneficiaries reported relatively few limitations in physical functioning capacity.*

Four in 10 of the aged beneficiaries had no limitations, and about 2 in 10 (21 percent) were rated as having minor limitations. About equal proportions were each rated as having “moderate” limitations (19 percent able to walk, but had difficulty or an inability in reaching or grasping) or “severe” limitations (20 percent generally unable to walk, and unable to or having difficulty reaching and/or grasping). Women were generally more limited in overall physical functioning, primarily due to their higher incidence of musculoskeletal disorders (65 percent had at least some limitation, compared with 53 percent of the men).

- *Almost half of the surviving beneficiaries remained at the same level of physical functioning capacity.*

Among aged beneficiaries interviewed in the 1982 baseline survey, 19 percent of the men and 6 percent of the women had died by the time of the 1991 followup. Among survivors, almost half (46 percent) were rated at the same level on the index of physical functioning in 1991 as they were in 1982; 21 percent improved, and 32 percent became more limited. Among those who were rated initially as having minor or no limitations, over a fourth (27 percent) became more limited in physical function. Among those previously rated as having moderate limitations, fully a third (33 percent) became more limited, but about the same proportion (32 percent) were rated as less limited in 1991. The majority (59 percent) of those who were initially rated as severely limited were rated as less limited in 1991.

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Marital Status of the Aged Cohort

This note describes the marital status of the surviving aged beneficiaries in 1991. It also examines changes in their marital status since the 1982 survey and, for those whose spouse had died since 1982, the expenses associated with becoming widowed.

- *The majority of men were married in 1991, compared with less than half of the women.*

Seventy-nine percent of men were currently married, compared with 46 percent of women. Women were much more likely to be widowed—43 percent of women, compared with 12 percent of men. Few were separated (1 percent), divorced (5-6 percent), or never married (3-4 percent). Three-quarters of men and almost half of women—virtually all the married beneficiaries—were in the same marriages from 1982.

- *Almost 1 in 10 men, compared with 2 in 10 women, became widowed after 1982; few divorced or married.*

In the decade, 9 percent of men, compared with 21 percent of women, became widowed. For both sexes, only 1 percent divorced, and only about 2-3 percent married after 1982.

- *Most recent widow(er)s had out-of-pocket expenses connected with their spouse's death.*

Among those willing to discuss their spouse's death, about 85 percent personally paid any expenses associated with their spouse's death. Most only paid funeral, marker, or burial expenses. For those with expenses, the total expenses averaged about \$7,700 for men and \$5,700 for women.

- *A minority had large out-of-pocket medical expenses connected with their spouse's death.*

About 1 in 5 personally paid hospital bills of \$1,000 or more associated with their spouse's death, and almost 1 in 5 personally paid \$1,000 or more in doctor's bills. Few (1-7 percent) reported personally paying \$1,000 or more in nursing home bills, hospice bills, medical care at home, or other medical bills.

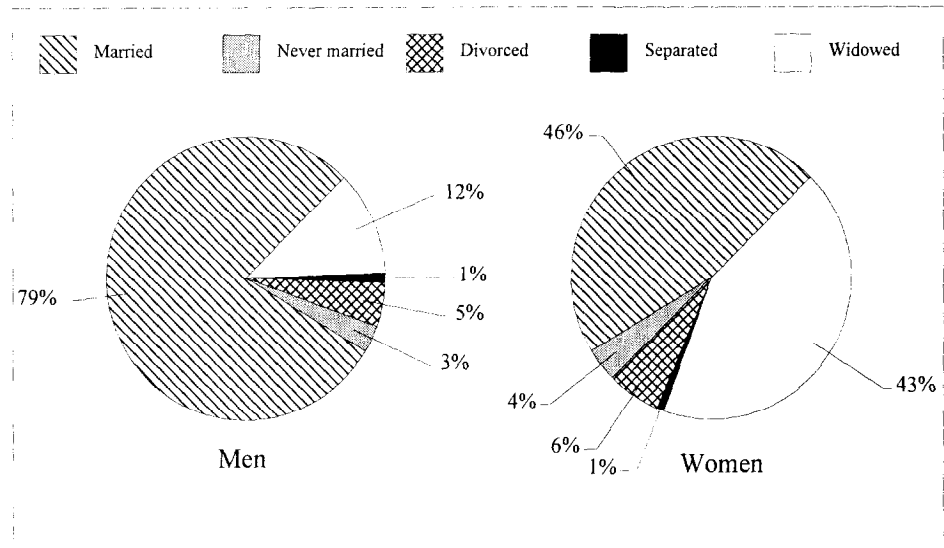
- *Few lost health insurance because of their spouse's death.*

Lost health insurance was reported by 11 percent of recent widows and 4 percent of recent widowers.

- *The majority paid death expenses using available assets.*

About 79 percent of recent widowers and 63 percent of recent widows reported using savings, checking, or credit union accounts to personally pay expenses associated with a spouse's death. Twice as many widows as widowers used life insurance proceeds—49 percent, compared with 26 percent. Few (about 4 percent) sold assets and few (3 percent) borrowed to personally pay death expenses. About 3 percent sold and 1 percent mortgaged their homes.

Marital status of aged beneficiaries, 1991



8 *Employment in the Aged Cohort*

This note reports on the work experience and earnings of the aged cohort during the decade after they began receiving benefits. The analysis is based on followup interviews with surviving respondents at the end of the decade and on their earnings data in administrative files.

- *About a third of the surviving aged worked in the decade after benefits started.*

Thirty-eight percent of the men and 28 percent of the women worked in at least 1 year since 1981. However, relatively few worked in all years—only 9 percent of men and 4 percent of women. When work was reported, it was usually for 5 or fewer years.

- *The percentage who worked decreased over time.*

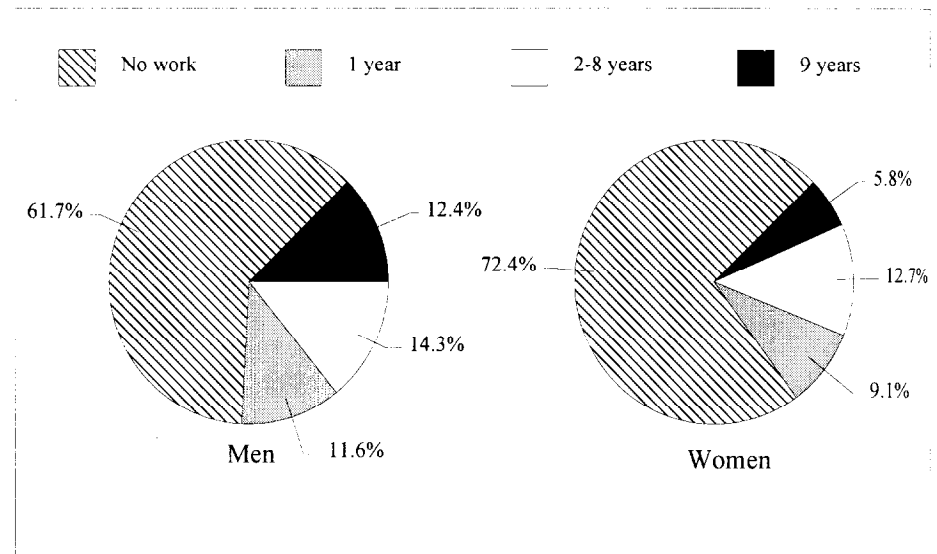
Over the decade, the percentage who worked in a given year dropped by about half. While 31 percent of men worked in 1982, only 16 percent worked in 1990. The respective percentages for women were 21 percent and 10 percent.

- *Part-time work was more common.*

Over the entire decade, only 14 percent of the men and 8 percent of the women ever worked full time over an entire year. Furthermore, the percentage of full-time

employment decreased steadily over the decade. By 1990, only 3 percent of men and 1 percent of women were working full-time hours for the entire year. The more common work pattern over the decade was part-time hours for part of the year—19 percent of men, 15 percent of women. The percentage with part-time work over part of the year remained fairly steady throughout the decade.

Percent of aged beneficiaries by number of work years



- *Wage and salary employment declined faster than self-employment over the decade.*

About a quarter of the cohort reported ever working as employees in the decade. This employment decreased sharply—from 18-21 percent in 1982 to 8-9 percent in 1990. About half as many were ever self-employed. The employment decrease in the decade was greater for employees than for the self-employed—a decline of about three-fifths, compared with two-fifths.

- *The majority of workers had low levels of covered earnings.*

The Social Security earnings test reduces benefits for persons under age 70 who have earnings above an annual exempt amount—an amount which can serve as a proxy for low earnings. The majority of this cohort with any earnings in SSA's records were at or below the exempt amount. Over the decade, about 43 percent of men and 30 percent of women ever had covered earnings that were at or below the test level, but only 15 percent of men and 7 percent of women ever had covered earnings above it.

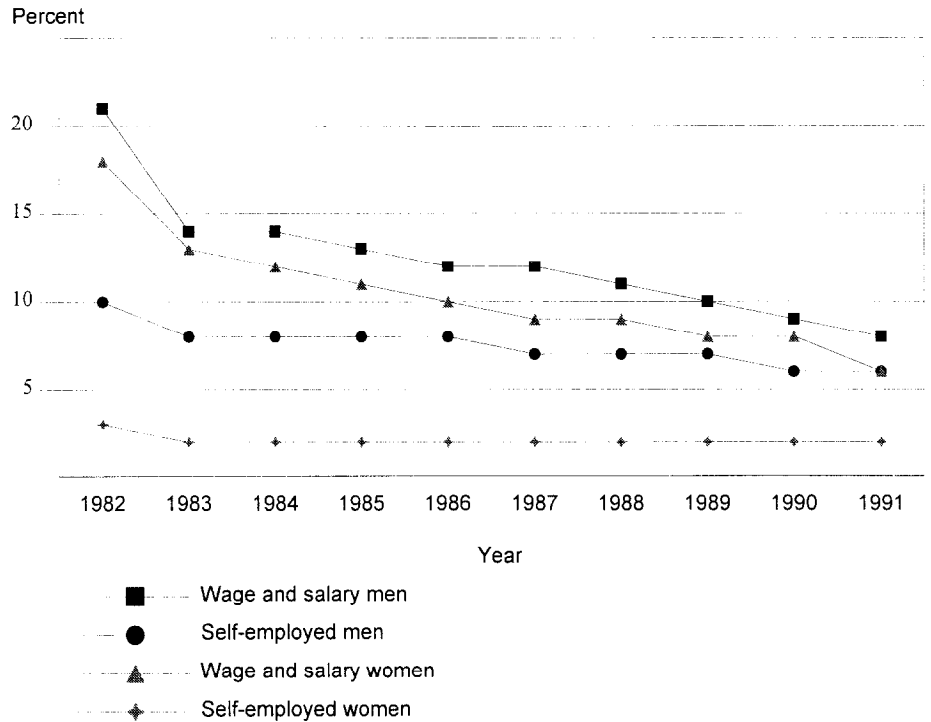
- *Few returned to work or started new jobs.*

Only about 10 percent of men and 8 percent of women returned to work after a year without working. Only 14 percent of men and 9 percent of women started a new job after 1980.

- *Personal preference and financial need were the most frequent reasons for starting a job.*

Among the group who did start a new job after 1980, men reported that the most important reason was wanting to work (43 percent), although a sizable group gave financial need (29 percent). These two reasons were also the most important for women, although about equal percentages of women chose financial need and personal preference (33 percent and 36 percent, respectively).

Wage and salary and self-employment rates



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Income Sources

This note looks at income sources of aged beneficiaries a decade after they began receiving Social Security benefits in 1980-81. It compares the prevalence of various sources reported by the surviving respondents in 1991 with their situation in 1982. Because receipt of income from different sources often varies by sex and marital status, it is reported separately for married couples, nonmarried men, and nonmarried women, based on their marital status in 1991.

The figures given here are "first findings" on the changes in the prevalence of sources. Later analyses will examine these changes in the context of changes in marital status and in amounts of income. Since marital status is related both to receipt of and to the amount of income received, the preliminary findings on sources reported here do not reflect the complexities of the longitudinal data set. For instance, a change in marital status from married in 1982 to widowed in 1991 may have a profound effect on both sources and amount of income. Also, an increase or decrease in those with a particular source may or may not reflect an increase or decrease in the average amount of income from that source.

• *Next to Social Security, assets continued to provide the most common source of income.*

After a decade, Social Security receipt remained nearly universal, and assets held their position as the second most common source of income for a majority of the aged beneficiaries. In 1991, 88 percent of married couples and 75 percent of nonmarried men and women reported such income, figures that are virtually unchanged from 1982. Those who were widowed or never married were more likely to receive asset income (about four-fifths) than those who were separated or divorced (less than two-thirds), again a repetition of the situation in 1982.

The relatively high proportions with asset income among aged beneficiaries may not be indicative of large amounts of asset income, given the widespread ownership of such assets as an interest-bearing checking, savings, or money market account. Receipt of any amount of income from any of these accounts as well as from a wide range of other assets (certificates of deposit, mutual funds, stocks, bonds, rental property, roomers and boarders, loan repayments, annuities, estates, trusts, or royalty income) is reflected in these high receipt rates.

• *Pensions were an increasingly important source of income.*

Pension income (from either private pensions or public pensions other than Social Security) was received by the majority of married couples (61 percent) and nonmarried men (52 percent) in 1991. For both these groups, there had been some increase since 1982, when 55 percent of the married couples and 49 percent of the nonmarried men had pension income. Nonmarried women, however, were less likely to have pension income and the percentage receiving such income had actually declined slightly to 42 percent in 1991 from 44 percent in 1982.

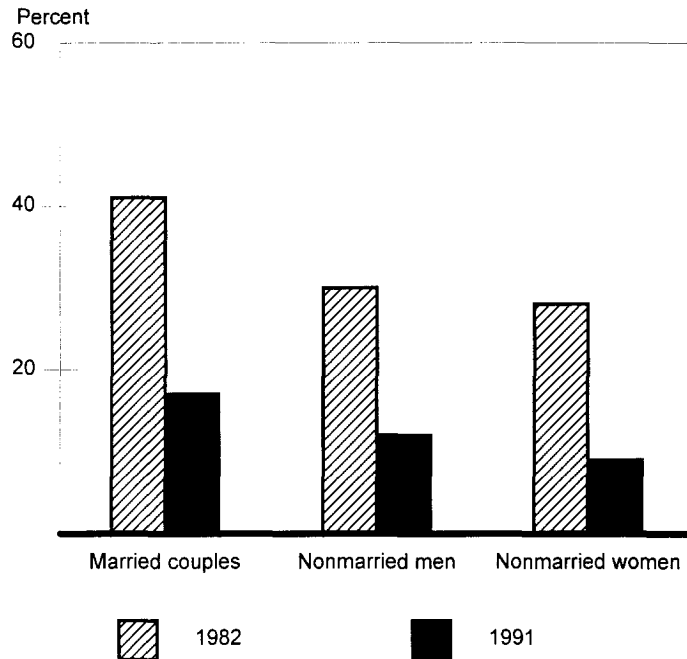
• *Most of the increase was in private pension receipt.*

About 45 percent of married couples reported income from private pensions in 1991, up from 37 percent in 1982. The prevalence also increased, though not by as much, for nonmarried men, with 40 percent reporting receipt in 1991, compared with 36 percent in 1982. Nonmarried women were least likely to receive private pension income, with 29 percent receiving it in both years.

• *Receipt of public pensions was nearly unchanged.*

Public pension income other than Social Security was reported by a fourth of the married couples in 1991, a slight increase over the 22 percent in 1982. Only about 17 percent of nonmarried men and women had this income in either year.

Percent with earnings, 1982 and 1991



- *There was a marked drop in the proportion with earnings.*

As with asset and pension income, married couples reported receipt more often than nonmarried men, more of whom had earnings than did nonmarried women (17 percent, 12 percent, and 9 percent, respectively). For each of these groups, earnings had been about 2½ to 3 times more prevalent in 1982, when 41 percent of married couples, 30 percent of nonmarried men, and 28 percent of nonmarried women had them.

- *Welfare receipt increased among the nonmarried.*

Only about 2 percent of married couples in either 1991 or 1982 reported receipt of food stamps or income from SSI or other welfare programs. Receipt was slightly more prevalent among the nonmarried and had increased over time. In 1991, 7 percent of the men reported some form of welfare receipt, compared with 4 percent in 1982. For nonmarried women the figures were 9 percent in 1991, compared with 6 percent in 1982.

- *Miscellaneous sources.*

Low levels of welfare receipt were comparable to those reported for other miscellaneous income sources, at least one of which was received by about 15 percent of the aged beneficiaries—Black Lung benefits, veterans' pensions, workers' compensation, unemployment insurance, alimony, contributions from other people, and "any other kind" of income.

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Changes in Pensions

This note describes some of the characteristics of pensions in the surviving aged cohort and changes in pensions since the original survey. Measures of change are based primarily on respondents' retrospective reports in the followup survey.

- *Pension receipt was somewhat more common in 1991 than in 1982.*

In 1991, 42 percent of the surviving aged beneficiaries were receiving a private sector pension or a public pension other than Social Security. In the original cohort in 1982, the comparable rate was 37 percent. This change is the net result of various factors, including a higher rate of full retirement and changes due to mortality—factors that will be examined in future analyses.

- *Women continued to lag behind men in pension receipt, but the gap in 1991 was smaller.*

In the original survey, women were receiving pensions at about half the rate of men—25 percent and 51 percent, respectively. Among the 1991 survivors, the corresponding ratio was 0.61, with 33 percent of the women and 54 percent of the men reporting pension income.

- *The modest growth in women's pensions reflects an increase in widowhood and survivor pensions.*

The largest shift in marital status between the original and surviving aged cohorts occurred among women—an increase of about 20 percentage points in the proportion who were widowed (to 43 percent) and a corresponding decrease in the proportion who were married (to 46 percent). Widows are more likely than married women to receive their own pensions, due primarily to survivor benefits. In the followup survey, 40 percent of widows were receiving pensions, including 16 percent with survivor benefits, while only 23 percent of married women had their own pensions. On the other hand, married women presumably have access to their husbands' pensions, and the comparable receipt rate for aged couples was 61 percent.

- *The rate of survivor pensions was higher among recent widows, but was still quite low.*

About half the widows in the followup survey had lost their husbands prior to the original survey, and about half had lost their husbands since. Among the longer-term widows, only 13 percent were receiving some kind of survivor pension; among those widowed since 1982, the receipt rate was 19 percent.

- *Most recipients were getting only one pension in 1991.*

In the followup survey, pension recipients were asked for the first time about the number of separate pensions they were getting. About 9 out of 10 reported only one pension, and less than 1 percent reported three or more. The remainder—about 10 percent—were receiving payments from two pensions. These figures were similar for men and women. Among recipient couples, however, 25 percent reported two pensions and 3 percent reported three or more. (For recipients with more than one pension, the discussion below concerns their primary or most important pension.)

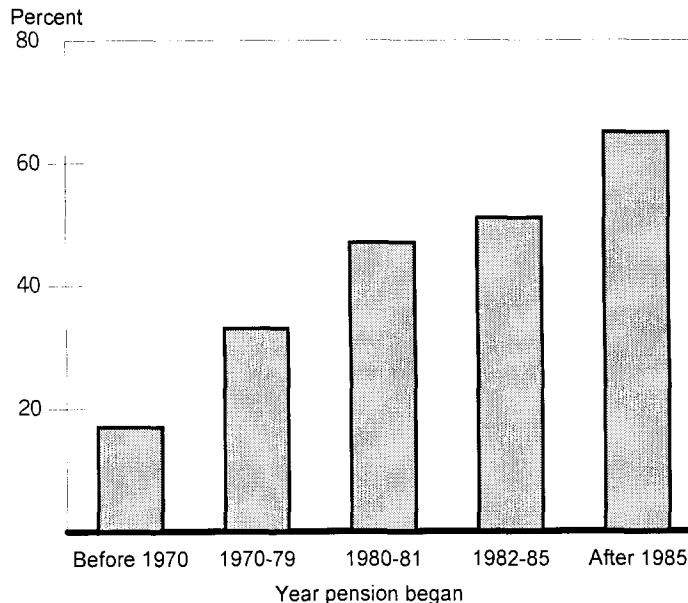
- *Most had started receiving their pension benefits at about the same time as their Social Security benefits.*

About half the recipients reported that their pensions had begun in 1980-81, and another 18 percent started receiving their payments in 1978-79 or 1982. On the other hand, 14 percent had begun receiving their pensions since the 1982 survey—7 percent of the men and 22 percent of the women. By marital status, the largest group of new recipients was widows.

- *Pension benefits had never been increased for about 4 out of 10 recipients.*

Unlike Social Security, most pension plans do not provide automatic cost-of-living adjustments, a failure that can gradually erode retirees' standard of living. Among pension recipients in the aged cohort, those who had been receiving their pensions the longest were the most likely to report increased benefits. But even among the longest-term recipients, increases were not universal. In the small group who began receiving their pensions prior to 1970, for example, 14 percent said that their

Percent of pension recipients, 1991, with no increase in their benefits since pension began



payments were about the same as when they had started. Among those who first received their pensions in 1980-81 (about the same time that they began receiving Social Security benefits), 53 percent reported increased benefits by 1991, 3 percent reported a decrease, and 44 percent reported no change in benefits—a pattern almost identical for men and women.

- *Private sector pensions offer less protection against inflation.*

Focusing again on those recipients who began getting their pensions in 1980-81, 84 percent of the military, government employee, or Railroad Retirement pensions had increased by 1991, compared with only 40 percent of the private sector pensions. More than half of those with private pensions (56 percent) reported no change in their benefit amounts over the decade, and 4 percent said that their payments had been reduced.

- *Almost all pension recipients expect their payments to continue for life.*

Although pensions are typically thought of as lifetime annuities, other forms of payout are possible, including payments for a fixed number of years. Among recipients in the aged cohort, 97 percent described their pensions as lifetime benefits, while only 3 percent reported that they would be stopped after a certain number of years. Again, this did not vary significantly by sex or marital status.

- *Only a handful in the cohort reported a terminated pension.*

In the 1991 survey, 1.4 percent of the aged cohort reported that they had lost a pension during the previous decade. Almost a third of this small group was continuing to receive some other pension, however, so the net loss in pension receipt was actually 1 percent.

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Subjective Well-Being of Older Beneficiaries

This note reports on the feelings of well-being among the surviving members of the aged cohort in 1991, when almost all of them were in their early- to mid-seventies. Measures of well-being included self-assessments of health, finances, and standard of living. In addition, respondents were asked how they felt about their lives in general.

- *Only a small fraction of the aged cohort was well off across the board.*

About one in nine was simultaneously satisfied with their standard of living, in good to excellent health, and never had financial worries. Widowers were most likely to be well off in all three respects: 19 percent, compared with only 5 percent of the divorced women and 10-12 percent of the other marital status groups.

- *However, most respondents expressed positive feelings about their lives in general.*

Thirty-seven percent of the beneficiaries were pleased with their lives and a further 43 percent were satisfied. Only 6 percent were dissatisfied with their lives and 14 percent had “mixed feelings.”

- *Reported health was generally good.*

Fifty-seven percent of the beneficiaries were in good to excellent health. Only 16 percent reported poor health. Never-married women were the healthiest group: 70 percent reported good to excellent health, compared with 60 percent of other women and 50 percent of all men.

- *Financial worries were not especially common.*

Eighteen percent of the beneficiaries reported frequent financial worries. On the other hand, 29 percent never had financial worries. Widowers were most likely to never have financial worries: 44 percent, compared with 21 percent of the divorced women and 25 percent of the widows. Around 32-34 percent of the other marital status groups never had financial worries.

- *A majority seemed generally contented with their lives, even among those with poor health or frequent financial worries.*

Fifty-three percent of the beneficiaries who assessed their health as poor indicated contentment: 18 percent were pleased and 35 percent satisfied. Similarly, 52 percent of those who reported frequent financial worries also were contented with their lives: 19 percent pleased and 33 percent satisfied. In contrast, 91 percent of the beneficiaries who assessed their health as excellent, and 90 percent who never had financial worries reported contentment.

- *In contrast, dissatisfaction with living standards did have a strong impact on overall well-being.*

Forty percent of the beneficiaries were delighted or pleased with their standard of living, far outnumbering the 5 percent who were dissatisfied. However, nearly one-half (48 percent) of the smaller subgroup were also dissatisfied with their lives overall. Only 8 percent were pleased and 21 percent satisfied.

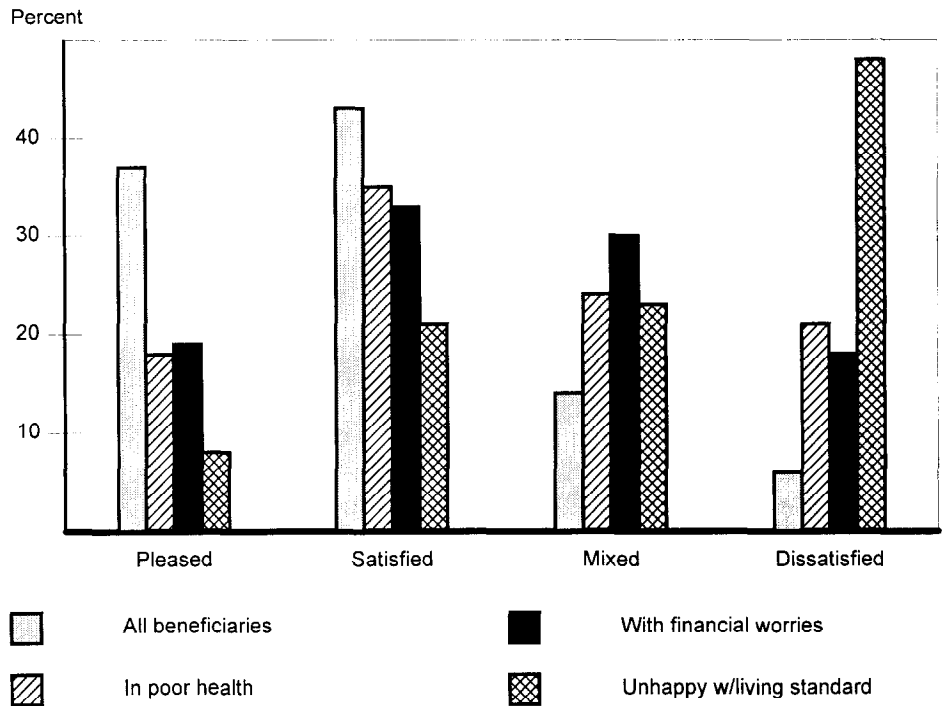
- *Life satisfaction was slightly higher among the married.*

Married beneficiaries were about as likely to be pleased as satisfied with their lives: 41 percent were pleased and 41 percent were satisfied. The percentage of unmarried beneficiaries who were satisfied was similar (43 percent), but only 31 percent were pleased.

Life satisfaction reported by Social Security beneficiaries approximately 10 years after receipt of their first Social Security retirement benefit, by selected characteristics

Selected characteristic	Total percent	Life satisfaction			
		Pleased	Satisfied	Mixed feelings	Dissatisfied
Total.....	100	37	43	14	6
Health					
Poor.....	100	18	35	24	21
Excellent.....	100	58	33	6	2
Good to excellent.....	100	46	42	10	2
Financial worries					
Frequent worries.....	100	19	33	30	18
No worries.....	100	52	38	6	4
Standard of living					
Dissatisfied.....	100	8	21	23	48
Delighted or pleased.....	100	68	26	4	2
Combined characteristics					
Good to excellent health, no financial worries, and delighted or pleased with standard of living.....	100	81	17	2	0

Level of general satisfaction with life by selected characteristics



- *Those who were pleased with their lives varied by marital status, but not by sex.*

Forty-one percent of the married men and women were pleased with their lives, compared with about 35 percent of the never-married men and women, 31 percent of the widowed men and women, and approximately 27 percent of the divorced men and women.

- *Those who were merely satisfied differed by sex as well as by marital status.*

Never-married women were most likely to be satisfied with their lives: 47 percent, compared with 40 percent of the never-married men. Forty-one percent of the divorced women were satisfied with their lives, compared with 37 percent of the divorced men. About 45 percent of the widowed men and women and 41 percent of the married men and women were satisfied with their lives.

The Social Security Administration encourages researchers to utilize the data in the New Beneficiary Data System. A public use file of the New Beneficiary Followup data—which can be linked to the public use New Beneficiary Survey and administrative files—will be available in the near future. The data files meet rigorous standards for the protection of individuals' privacy and confidentiality.

For further information on the NBDS, contact: Howard M. Iams, Program Analysis Staff, Office of Research and Statistics, Social Security Administration, 4301 Connecticut Ave., NW., Washington, DC 20008. Dr. Iams may also be reached by phone: 202-282-7092.