

Beneficiaries Prefer To Work

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MOST old people work as long as they can and retire only because they are forced to do so. Studies of old-age insurance beneficiary "retirements" between 1940 and 1947 show that only about 5 percent of the men and women entitled to old-age benefits in those years left their jobs of their own accord, in good health, to enjoy a life of leisure. They also show that in given years from a fourth to a half of the beneficiaries had some employment after their entitlement.¹

Retirement of Workers Aged 65 and Over

From 1940 to 1945—the first 5 years during which monthly benefits were paid—less than a third of all the men and women aged 65 and over who could have drawn old-age insurance benefits by retiring from covered employment took advantage of the opportunity to do so. During the next 5 years the rate of retirement was speeded up considerably, so that on January 1, 1950, the proportion of fully insured aged workers actually receiving benefits rose to almost three-fifths. As of January 1 of each year, the proportion of fully insured persons aged 65 and over who were

receiving monthly old-age insurance benefits was as follows:

Year	Percent
1941	20
1942	29
1943	31
1944	30
1945	30
1946	35
1947	43
1948	48
1949	52
1950	59

In 1940 the country was emerging from a great depression; during the next 2 years employment was building up to its 1943-44 wartime peak; after 1945, marginal workers had greater difficulty in retaining their jobs and in getting new ones. Not all the old people who were eligible for benefits but not receiving them were at work—some whose jobs were terminated, particularly during 1940, did not apply for benefits because they hoped for early reemployment or did not know of their rights under the insurance program—but it is fair to presume that, whether entitled or not, most of them were employed.

Reasons for Retirement

Most workers who filed their claims for old-age insurance benefits did so because they lost their jobs or were no longer able to continue working. The reasons for terminating their last covered jobs before entitlement as reported by 3,500 old men who became beneficiaries in 8 large and 12 middle-sized cities between 1940 and 1947 are shown in the table, page 16, column 3.

Relatively more of the beneficiaries who became entitled in 1940 than of those in the later years lost their jobs. These men were released by the employer with or without retirement pay because they had reached the company retirement age or because the employer considered them too old or incapacitated to continue in their

jobs, or they lost their jobs because the employer went out of business or for similar miscellaneous reasons not related to their personal circumstances. Many were let out during the later years of the depression,² when the easy labor market led some employers to retain or hire only the young and most efficient workers and when companies with a compulsory retirement age tended to enforce the rule rigidly. During the war years, on the other hand, companies were inclined to retain their older employees, and oldsters who lost their jobs had less difficulty in finding others.

Most beneficiaries whose jobs were terminated during the peak year of the wartime demand for labor quit because of their health. They were sick or disabled, they thought that they were too old to continue working or that their jobs were too hard for them, or they left their jobs for other reasons related to their physical or mental condition.

After the war, dismissal by the employer became almost as important a reason for job termination as it had been in prewar years; retirements for company reasons were relatively more numerous in 1947 than in 1946.

In each period a comparatively few beneficiaries left their jobs for personal reasons not connected with their health. They wanted to retire to enjoy their last years; they had sick wives to be taken care of; they had disputes with their employers or fellow employees; or they quit on their own initiative for other reasons.

Ability to Work

When questioned as to their ability to work 1 to 3 years after entitlement, these beneficiaries expressed varying

² Entitlements early in 1940, when monthly benefit payments began, included men and women who had been out of work as long as 2 years.

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¹ Studies of beneficiary "retirements" are part of the general study of the resources of old-age and survivors insurance beneficiaries made by the Division of Program Analysis in 20 cities between 1941 and 1949. See the *Bulletin* for July and September 1943; March 1944; January, April, September, and November 1945; January 1946; August and October 1947; February and September 1948; November 1949; and April and May 1950. See also the June 1946 *Bulletin* for a comparison of aged insurance beneficiaries with aged assistance recipients and the aged in the general population, and the October 1949 issue for a study of public assistance supplementation of income of insurance beneficiaries.

opinions. Slightly more than two-fifths of the ones interviewed at the end of the employment years³ 1940-42 and 1948-49 reported that they could not work at all. Inability to work was much more common among the men whose jobs were terminated during the war years, for relatively more of them had quit their jobs on account of their health; roughly a half to three-fifths said they could not do any kind of work. A fifth to a third of all the beneficiaries studied at the different periods, however, thought they could take part-time jobs or do light work suited to their infirmities or lessened vigor. Finally, there were the old men who said without qualification that they could hold down full-time jobs in their customary occupations; on the average a fourth of the beneficiaries interviewed over the period 1940-49 said that they were able to work and made no stipulation as to the kind of work they could do. By employment year, the percentage with each reported work capacity was as follows:

Employment year	Total	Able to work, no qualification	Light work only	Unable to work
1940-42 ¹	100.0	37.1	20.8	42.1
1943-44 ²	100.0	27.0	24.3	48.7
1945-46 ³	100.0	15.2	26.7	58.1
1948-49 ⁴	100.0	22.9	33.9	43.2

¹ 1940 entitlements, 7 large cities.

² 1941-42 entitlements, 12 middle-sized cities.

³ 1944 entitlements, Boston.

⁴ 1946-47 entitlements, Philadelphia-Baltimore.

Differences in the men's estimates of their employability clearly are related to the reasons for their retirement in the first place, their age, and the time elapsed since their entitlement. They may be related also to the state of the labor market and the beneficiary's estimate of his chances of getting a job. It is probable that, in general, the beneficiaries overestimated rather than underestimated their work capacity.

³ Twelve consecutive months within the specified period and preceding the interview.

Return to Work After Entitlement

Although employment within a few years after entitlement occurred less frequently among beneficiaries who quit their jobs for health reasons than among those whose employment was terminated for other reasons, many of the first group later recovered sufficiently to engage in gainful occupations of some kind, especially during the war years when the labor market was most favorable. During 1943-44, for example, 42 percent of the beneficiaries studied whose health had forced them to stop working in 1941-42 were employed at least part of the year, compared with 69 percent of the men who had quit for other personal reasons and 63 percent of those who had been released by their employers.

Two-fifths of the men in the sample who became entitled to old-age insurance benefits in 1940 had some employment in 1940-42; more than half those entitled in 1941-42 had some employment in 1943-44. The percentages for these men and for those who became entitled in later years are shown in the tabulation below, classified by their reported ability to work at the end of the employment year.

Employment year	Total	Able to work, no qualification	Light work only	Unable to work
1940-42 ¹	37.1	58.6	44.0	14.7
1943-44 ²	55.0	88.9	69.6	29.0
1945-46 ³	19.9	57.7	33.0	4.0
1948-49 ⁴	27.5	68.0	32.4	2.1

¹ 1940 entitlements, 7 large cities.

² 1941-42 entitlements, 12 middle-sized cities.

³ 1944 entitlements, Boston.

⁴ 1946-47 entitlements, Philadelphia-Baltimore.

Men who said they were able to work, especially if they had no reservations as to their capacities, were much more frequently employed in each employment year, of course, than those who said they could not work at all. Yet in 1943-44 as many as 29 percent of the latter had at least some employment.

The beneficiaries who said, without

any qualification, that they were able to work and were actually employed in the 1943-44 employment year constituted 24 percent of all the beneficiaries; the proportion was nearly as large (22 percent) in 1940-42, but immediately after the war, in 1945-46, it was only 9 percent, and in 1948-49 only 16 percent.

Regular employment of elderly beneficiaries at full-time wages was comparatively rare in the earlier years; in many instances, earnings were scarcely more than dribbles, picked up here and there in casual jobs or other work on their own account. During a 12-month period between mid-1940 and mid-1942, half the employed men studied in seven large cities earned less than \$222. There was some defense and war work during this period, but full production had not yet got under way. In 1943-44, when war industries were taking all the manpower they could get and jobs vacated by younger men who entered the armed services made a place for older people, full-time employment of beneficiaries was more common and the median earnings of the reemployed old men studied in 12 middle-sized Ohio cities were \$812. In 1945-46, while industry and commerce were returning to peacetime labor requirements and relatively fewer beneficiaries were employed, work was steadier and wages had

Reason for termination of last covered employment before entitlement, male old-age insurance beneficiaries in 20 cities, 1940-47

Reason for job termination	1940 entitlements, 7 large cities ¹	1941-42 entitlements, 12 middle-sized cities ²	1944 entitlements, Boston	1946-47 entitlements, Philadelphia-Baltimore
Number.....	2,380	567	341	218
Total (percent).....	100.0	100.0	100.0	100.0
Lost job.....	55.7	46.2	25.5	53.2
Quit job.....	44.3	53.8	74.5	46.8
Health.....	33.8	41.1	64.8	34.9
Wished to retire.....	4.7	5.6	4.1	5.5
Other reasons.....	5.8	7.1	5.6	6.4

¹ Philadelphia, Baltimore, St. Louis, Birmingham, Memphis, Atlanta, and Los Angeles. Includes January 1941 entitlements in Los Angeles.

² In Ohio, population between 10,000 and 75,000.

increased so that half the men in the Boston study who were employed earned more than \$1,150. In 1948-49 the median earnings of the employed male old-age insurance beneficiaries in the Philadelphia-Baltimore study were \$1,574.

Potential Employability

Only a small proportion of old people leave the labor market for good unless they have to do so. The psychological factor of hating to be put on the shelf by poor health or the loss of a job makes many elderly workers resentful of enforced retirement. The principal reason they want to continue working, however, is that without earnings they do not have resources enough to live at the level to which they are accustomed, or even to meet the cost of their basic needs. Of the old-age insurance beneficiaries studied between 1941 and 1949, those whose retirement in-

comes⁴ were lowest as a rule went back to work much more frequently than beneficiaries whose retirement incomes were more nearly adequate.

Roughly 60 to 90 percent of the able-bodied beneficiaries had some employment during a 12-month period within 1 to 3 years after their entitlement, the proportion depending almost entirely on the state of the labor market. Except in the most favorable employment period, a majority of those who said they were able to work and did not have jobs would gladly have accepted employment had it been offered to them. Even a few of the men who said they were not able to work were nevertheless em-

⁴Money income from 12 months' old-age insurance benefits, retirement pay from a former employer, veterans' and union pensions, and annuities; money income from trust funds and estates, public and private insurance, and assets; and the imputed income from an owned home.

ployed after their entitlement because they needed their earnings.

The facts presented indicate that at least a fifth of the men who become entitled to insurance benefits in any year might remain at work in their regular jobs if their employers were willing to keep them or might take comparable jobs with other employers if their regular jobs were terminated. Another fifth might be able to take jobs requiring shorter hours or less physical effort or in other ways making less demand on the workers.

Part-time jobs might solve the employment problem of many old people; they could work a few hours a day or a few days a week and would be glad to do so. Work for some might have to be adapted to their handicaps—poor eyesight, a bad heart, inability to stand for long hours. Wartime employment of old people demonstrated that all that many of them need is a chance to show what they are able to do.

Notes and Brief Reports

Benefits and Contributions Under National Compulsory Health Insurance Programs

Health insurance is the oldest form of social insurance. After long experience with voluntary programs, the central European countries pioneered with broad compulsory coverage, beginning with the German law of 1883, which was followed by legislation in Austria (1888) and in Hungary (1891). England adopted compulsory health insurance in 1911. In 1924, Chile adopted the first national compulsory insurance law in the Western Hemisphere. In the Orient, the Japanese national health insurance law of 1922 became operative in 1926-27.

Today, 37 countries have in operation either national compulsory contributory health insurance programs or programs having many of the same

basic characteristics—either because they evolved out of such insurance systems or were developed as variants of them. A number of countries provide medical services to all or to substantial groups in the population through public programs supported from general revenues and usually employing the physicians on a salary basis. Such public medical service programs are not included in this summary. In many cases, traditional criteria for the identification of an insurance system are difficult to apply, and some programs that are on the borderline between national health insurance and national public medical service have been included. Most of the older health insurance systems included both medical benefits and cash benefits in partial replacement of wage loss. All the countries shown here that provide medical benefits through what can be regarded as a public medical service also have contributory cash sickness

benefit programs. Insurance systems not national in scope are excluded.

The accompanying chart summarizes the general scope of the medical and cash benefits provided, the coverage of the systems, and a few aspects of their financing. Further details on the programs for each country will be found in a comprehensive report published by the Social Security Administration last year.¹ The chart is based primarily on data from that report, brought up to date where changes have occurred. Only programs known to be in operation are included in this summary.

Several other countries have adopted laws under which compulsory systems will be established. In 1951, health insurance is scheduled to go into effect in parts of India and in Turkey. Guatemala, Haiti, and El Salvador have enacted laws that may be implemented in the near future. The effective date of the Swedish compulsory health insurance law of

¹Carl H. Farman and Veronica Marren Hale, *Social Security Legislation Throughout the World*, Division of Research and Statistics (Office of Commissioner), Bureau Report No. 16.