

Table 3.—Number and percentage distribution of old-age benefits newly awarded, by eligibility status, age, and sex of beneficiary, July and September–November 1950

[Based on 20-percent sample]

Age ¹	Total				Male				Female			
	July		Sept.–Nov.		July		Sept.–Nov.		July		Sept.–Nov.	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Total	18,540	100	266,050	100	15,436	100	199,475	100	3,104	100	66,575	100
65–69	13,178	71	193,586	73	10,888	71	141,579	71	2,290	74	52,007	78
70–74	3,669	20	54,429	20	3,092	20	41,712	21	577	18	12,717	19
75 and over	1,693	9	18,035	7	1,456	9	16,184	8	237	8	1,851	3
"New eligibles"			198,598	100			143,396	100			55,202	100
65–69			154,886	78			110,290	77			44,596	81
70–74			43,295	22			32,787	23			10,508	19
75 and over			417	(?)			319	(?)			98	(?)
"1939 eligibles"	18,540	100	67,452	100	15,436	100	56,079	100	3,104	100	11,373	100
65–69	13,178	71	38,700	57	10,888	71	31,289	56	2,290	74	7,411	65
70–74	3,669	20	11,134	17	3,092	20	8,925	16	577	18	2,209	20
75 and over	1,693	9	17,618	26	1,456	9	15,865	28	237	8	1,753	15

¹ Age on birthday in 1950.
² Less than 0.5 percent.

tained age 75 in the first half of 1950 and all those over age 75 were insured under both the 1939 and the 1950 amendments with the minimum 6 quarters of coverage.

With respect to "1939 eligibles" alone, the proportion of old-age beneficiaries in the group aged 75 and over increased from 9 percent for July awards to 26 percent for September–November. This increase was due chiefly to the new provision permitting beneficiaries aged 75 and over to draw benefits regardless of the amount of their earnings.

Benefits in Current-Payment Status

Table 4 shows the number and average monthly amount of old-age benefits in current-payment status

at the end of each month from August to November 1950, by eligibility status. The most significant fact shown by this table is the rapid growth in the number of "new eligibles" receiving old-age benefits; by the end of November the newly eligible group comprised 12 percent of all old-age beneficiaries. This group will continue to grow rapidly for several months until these life claims are taken care of.

The average monthly benefit payable at the end of November to "new eligibles" was only \$25.32, less than the average old-age benefit being paid at the end of August under the 1939 amendments and only slightly more than half the average amount payable to "1939 eligibles" at the end of November. Chiefly because of this low average for "new eligibles," the in-

Table 4.—Number and average monthly amount of old-age benefits in current-payment status at the end of the month, by eligibility status and by month, August–November 1950

[Based partly on 20-percent sample]

Month	Total		"1939 eligibles"		"New eligibles"		
	Number	Average monthly amount	Number	Average monthly amount	Number	Average monthly amount	As percent of all old-age beneficiaries
August	1,405,592	\$26.36	1,405,592	\$26.36			
September	1,444,772	46.62	1,432,558	46.79	12,214	\$26.32	1
October	1,583,318	45.39	1,461,309	46.76	102,009	25.67	7
November	1,681,370	44.38	1,487,514	46.87	193,856	25.32	12

crease from August to November in the average monthly amount for all old-age beneficiaries was only 68 percent, even though the average amount payable to "1939 eligibles" increased during the same period by 78 percent.

Amended OASI Benefit Formula

The substantial increase in benefit levels under old-age and survivors insurance that was provided by the 1950 amendments is effected, for current beneficiaries and those becoming eligible in the near future, largely by means of a conversion table in the amended Act. For beneficiaries becoming eligible later, most of the increase is produced by the use of a new benefit formula. An analysis of the amended formula and its effect on benefits has been made by the Division of the Actuary¹; certain portions of the analysis, which is primarily mathematical and quantitative, are summarized here.

The new formula for calculating the primary insurance amount of individuals who acquire 6 quarters of coverage after 1950 is as follows:

Average monthly wage	Primary insurance amount
\$30 or less	\$20
31	21
32	22
33	23
34	24
35–49	25
50 or more	.50 percent of first \$100 of average monthly wage plus 15 percent of any balance not exceeding \$200.

The formula can be put into a more simplified form for calculating the benefit amount when the average monthly wage exceeds \$100. By an algebraic transformation, the primary insurance amount for average monthly wages of more than \$100 may be expressed as \$35 plus 15 per-

¹ Walter E. Wilcox, *Analysis of the Benefits Under Title II of the Social Security Act Amendments of 1950* (Actuarial Study No. 30).

cent of the average monthly wage (not exceeding \$300). The results produced by this statement of the formula are, of course, identical with those obtained by taking 50 percent of the first \$100 of the average monthly wage and adding 15 percent of the amount over \$100.

A graphic method for use in calculating approximate individual and family benefits—both under the new benefit formula and under the old formula combined with the conversion table—is given in the accompanying chart. Table 2 shows the total amount of monthly benefits that will be payable to various types of family groups under the "new start" formula. The composition of these groups is set forth in table 1.

Total family benefits are limited in some cases by the amended provisions governing maximum payments. These provisions limit to \$40 the maximum total monthly benefit that may be paid on an average monthly wage of \$50 or less; on wages of \$51-187 the total benefit can be no more than 80 percent of the average wage; and on an average of \$188 or more, the maximum is \$150. The upper limit of \$150 represents an increase of 76 percent over the maxi-

Table 1.—Beneficiary categories and total amount of benefits payable as percent of primary insurance amount

Total benefits as percent of primary insurance amount	Beneficiary category
75	1 survivor child; widow; dependent widower or parent.
100	Old-age beneficiary.
125	2 survivor children.
150	Old-age beneficiary and wife; old-age beneficiary and 1 child; old-age beneficiary and dependent husband.
175	1 survivor child and mother; 1 survivor child and widow; 1 survivor child and dependent widower; 2 dependent parents.
200	3 survivor children.
225	Old-age beneficiary, wife, and 1 child; old-age beneficiary and 2 children; old-age beneficiary and 1 child and dependent husband.
250	2 survivor children and mother; 2 survivor children and widow; 2 survivor children and dependent widower.
275	4 survivor children; 3 dependent parents; widow, mother, and 1 child (where mother is a former wife divorced).
300	Lump-sum death payment.

¹ Largest family benefit payable when all beneficiaries are drawing their full individual percentage of primary insurance amount.

Table 2.—Amount of monthly benefits payable under "new start" formula in relation to average monthly wage, by beneficiary category

Average monthly wage	Beneficiary category, ¹ by specified percent of primary insurance amount							
	75 percent	100 percent	125 percent	150 percent	175 percent	200 percent	225 percent	250 percent or higher
Total amount of monthly benefits ²								
\$25	\$15.00	\$20.00	\$25.00	\$30.00	\$35.10	\$40.00	\$40.00	\$40.00
50	18.80	25.00	31.40	37.60	40.20	40.00	40.00	40.00
75	28.20	37.50	47.00	56.40	60.00	60.00	60.00	60.00
100	37.50	50.00	62.60	75.00	80.10	80.00	80.00	80.00
125	40.40	53.80	67.40	80.80	94.20	100.10	100.00	100.00
150	43.20	57.50	72.00	86.40	100.80	115.20	120.00	120.00
175	46.00	61.30	76.80	92.00	107.40	122.80	138.00	140.00
200	48.80	65.00	81.40	97.60	114.00	130.20	146.40	150.00
225	51.60	68.80	86.00	103.20	120.60	137.60	150.00	150.00
250	54.40	72.50	90.80	108.80	126.90	145.20	150.00	150.00
275	57.30	76.30	95.40	114.60	133.80	150.10	150.00	150.00
300	60.00	80.00	100.00	120.00	140.10	150.10	150.00	150.00
Percent of average monthly wage								
\$25	60	80	100	120	140	160	160	160
50	38	50	63	75	80	80	80	80
75	38	50	63	75	80	80	80	80
100	38	50	63	75	80	80	80	80
125	32	43	54	65	75	80	80	80
150	29	38	48	58	67	77	80	80
175	26	35	44	53	61	70	79	80
200	24	32	41	49	57	65	73	75
225	23	31	38	46	54	61	67	67
250	22	29	36	44	51	58	60	60
275	21	28	35	42	49	55	55	55
300	20	27	33	40	47	50	50	50

See table 1 for composition of beneficiary groups.
² Total benefits may vary slightly with composition of beneficiary groups, because of the provision for rounding benefits.

num of \$85 permitted under the old law, which also included a further restriction to the effect that total benefits could not exceed twice the primary benefit. No corresponding restriction is included in the 1950 amendments.

One point of interest in connection with these limits is the difference between the earlier law and the 1950 amendments in the provisions governing deductions from benefits. Under the old law the maximum provisions applied to the total benefits of all beneficiaries in a family group, regardless of whether all such benefits were being paid or had been suspended in part. Under the 1950 amendments the limits are applied only to those benefits actually being paid for a particular month.

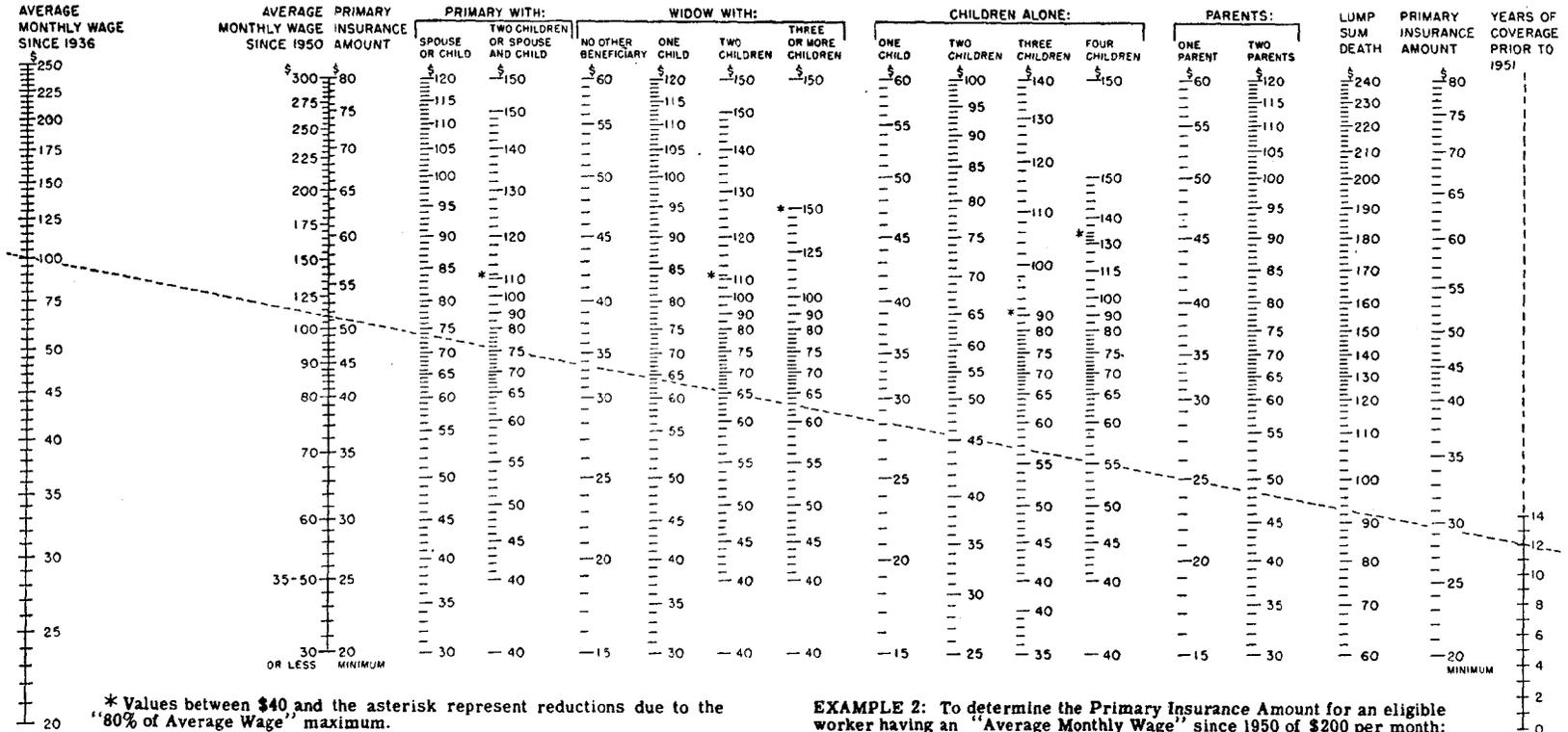
For an average wage of \$25, maximum family benefits under the new formula, expressed as a percent of the average monthly wage, equal 160 percent. They then decrease to 80 percent for average wages of \$50-187 and reach a low of 50 percent for an average wage of \$300. Values of these percentages (as well as for maximum benefits expressed as a percent of

primary insurance amount) are shown for specimen values of the average wage in table 3.

The ratios of maximum family benefits, based on the new formula, to primary insurance amounts begin at 200 percent for an average wage of \$30 or less and drop to a level of 160 percent, which continues to apply for average wages of \$35 through \$100. As the average wage climbs from \$100, the percentages rise steadily to 237 percent, corresponding to average wages of \$187 and \$188. From that point there is a continuous drop to 188 percent for the maximum creditable average monthly wage of \$300. In terms of number of beneficiaries, the highest percentage (237) indicates that for a typical survivor family composed of a widowed mother and children, the largest possible number of eligible children able to draw full benefit is two; if there is a third child, the additional amount payable is only a partial benefit.

For average monthly wages of \$141-266, maximum family benefits exceed twice the primary insurance amount. In this wage range, there-

OLD-AGE AND SURVIVORS INSURANCE BENEFIT CHART, 1950 AMENDMENTS (BY EUGENE A. RASOR)



* Values between \$40 and the asterisk represent reductions due to the "80% of Average Wage" maximum.

The above chart computes, with the aid of a straight edge, the "Primary Insurance Amount," based on the "Conversion Table," and on the "New Start" formula (the larger of which is payable). This chart also computes the total family benefit payable including survivors benefits, if eligible (e.g. by spouse is meant wife over 65, wife under 65 with a child under 18, or dependent husband over 65).

EXAMPLE 1: To determine the primary insurance amount for an eligible worker having an "Average Monthly Wage" since 1936 of \$100 and 12 years of coverage prior to 1951: Draw a line connecting \$100 on the "Average Monthly Wage" since 1936 scale with 12 years on the "Years of Coverage" scale. The resulting amount (\$51.50) is shown at its intersection on the "Primary Insurance Amount" scale.

EXAMPLE 2: To determine the Primary Insurance Amount for an eligible worker having an "Average Monthly Wage" since 1950 of \$200 per month: Note the amount (\$65.00) on the "Primary Insurance Amount" scale opposite the average wage (\$200). This amount (\$65.00) is applicable unless the amount arising from his "Average Monthly Wage" since 1936 is larger.

EXAMPLE 3: To determine the total monthly benefit payable to all eligible beneficiaries: Draw a horizontal line connecting the "Primary Insurance Amount" on the left-hand scale with the "Primary Insurance Amount" on the right-hand scale and read the benefit on the pertinent scale. (The category "Widow with Three or More Children" is the maximum monthly family benefit which also applies for "Primary with Spouse and Two or More Children," "Five or More Children Alone," etc.)

Table 3.—Comparison of maximum family benefits, average monthly wage, and primary insurance amount under "new start" formula

Average monthly wage	Primary insurance amount	Maximum family benefit amount	Maximum family benefit as percent of—	
			Primary insurance amount	Average monthly wage
\$25.....	\$20.00	\$40.00	200	160
50.....	25.00	40.00	160	80
75.....	37.50	60.00	160	80
100.....	50.00	80.00	160	80
125.....	53.80	100.00	186	80
150.....	57.50	120.00	209	80
175.....	61.30	140.00	228	80
200.....	65.00	150.00	231	75
225.....	68.80	150.00	218	67
250.....	72.50	150.00	207	60
275.....	76.30	150.00	197	55
300.....	80.00	150.00	188	50

fore, maximum family benefits are larger than they would have been had the 1950 amendments retained the limitation restricting maximum monthly benefits to twice the primary benefit.

New Types of OASI Benefits Awarded

The 1950 amendments to the Social Security Act added two new types of benefits to the program, husband's and widower's insurance benefits, and broadened the eligibility provisions for two others, wife's and mother's insurance benefits. Preliminary data on the number of these new types of monthly benefits awarded during September-December 1950 are shown in the accompanying tabulation.

Husband's and Widower's Benefits

The dependent husband, or the dependent widower, of a female wage earner who was both fully and currently insured when she became entitled to old-age insurance benefits or when she died (after August 1950) may qualify at or after age 65 for monthly benefits on his wife's record. The amount of a husband's benefit is one-half, and a widower's benefit is three-fourths, of the wife's primary insurance amount.

The amendments made eligible immediately most of the dependent husbands aged 65 or over of female old-age beneficiaries on the rolls at the end of August 1950. By the end of December more than 650 husband's benefits had been awarded at an average monthly rate of about \$20. Most of these awards were made to men whose wives were on the benefit rolls at the end of August. During the same period, 21 widower's benefits were awarded; the average monthly benefit was about \$33. Fewer awards of widower's than of husband's benefits had been expected, since no backlog of potentially eligible widowers comparable to that for dependent husbands was established by the amendments. Widower's benefits are payable only with respect to deaths after August 1950.

Wife's and Mother's Benefits

Under the amendments the wife of an old-age insurance beneficiary may receive benefits when she is under age 65 if she has a child beneficiary

in her care. In the 4-month period September-December 1950, monthly benefits were awarded to 9,450 wives under age 65. The average monthly amount was about \$13, compared to an average of about \$19.75 for benefits awarded during the same period to wives aged 65 or over. This low average benefit is due to (1) the proportionately large number of wives of newly eligible old-age beneficiaries, who have markedly lower benefit amounts, and (2) reduction in the wife's benefit because of the maximum family benefit provisions. The benefit is reduced in all families with one entitled child if the old-age benefit is \$20.10-\$55.90, and in all families with more than one entitled child regardless of the old-age benefit amount.

Under the broadened eligibility provisions for mother's insurance benefits, the "former wife divorced" of an insured deceased worker is eligible for monthly benefits if she was receiving at least half of her support from him at the time of his death and is the mother of his entitled child. By the end of December 1950, 12 divorced wives had been awarded benefits averaging about \$37 per month.

Month	Wife's ¹	Husband's	Widower's	Mother's ²
Total....	9,450	662	21	12
September....	278	9	1	0
October.....	1,990	107	6	0
November....	3,425	245	6	8
December....	3,757	301	8	4

¹ Under age 65.

² Former wife divorced.

SOCIAL SECURITY IN REVIEW (Continued from page 2)

fornia, Idaho, Oklahoma, Utah, and West Virginia) and one interstate instrumentality (the Interstate Oil Compact Commission) had signed agreements. Four other States and two interstate instrumentalities were working toward agreements. An additional six States had passed legislation enabling the State to negotiate an agreement, and 16 were considering such legislation.

UNEMPLOYMENT IN FEBRUARY, as reflected by claims filed for benefits under the State unemployment insurance programs, dropped sharply as claims leveled off from January's seasonally high totals. The shorter work-month and increased job opportunities in some industries were factors in reducing the number of claims. Initial claims for benefits declined more than one-fourth to 752,800—nearly two-fifths less than the total a year earlier. The 4,259,600 weeks of unemployment claimed (representing

continuing unemployment) were less than four-fifths of the January total.

During an average week in February, 883,100 persons received unemployment benefits—9 percent fewer than in January and less than half the number in an average week in February 1950. The benefits paid to unemployed workers fell even more sharply (21 percent) from the total for the preceding month to \$71.4 million; one reason was the drop of 16 cents, to \$20.71, in the average weekly check for total unemployment.