Economic Resources of Persons Aged 65 and Over

by Lenore A. Epstein*

The sources from which aged men and women derive their income, the nature and value of the assets on which they can draw when they retire, and the size of their income must all be considered in appraising their economic welfare. The regularity of income from pensions, annuities, and survivor insurance enhances its value. Moreover, income-tax exemptions for retirement income increase its purchasing power in relation to earned income. The sources of money income of aged persons have been reported semiannually in the Bulletin in recent years. Information on their total economic resources, however, is essential both in appraising their economic situation and in evaluating the Nation's social security program; it is also basic to estimates of the market demand of the aged population.

RESEARCH into the varied problems of the aging has developed at a phenomenal rate in recent years, with the steady growth of the population in the older ages. Knowledge regarding the economic resources of the aged has expanded as a direct result of the broadening of public income-maintenance programs. Data have been available for some years on the number of persons aged 65 and over in the continental United States who have earnings or who receive old-age and survivors insurance benefits, payments under other public pension programs or one of the veterans' programs, and/or old-age assistance.

Relatively little has been known, however, about the proportion of the aggregate annual income of the aged derived from various sources and about the number of aged persons with income from employment and/or from a public pension or assistance program who have additional resources in cash or in kind. Information has been meager, also, about the resources of aged persons with no money income or money income solely from private sources other than employment—the extent to which they support themselves with income from investments or insurance policies or by liquidation of assets and the extent to which they are dependent on their families.

Information on questions such as these must be pieced together from occasional special surveys. A nationwide sample survey of all persons aged 65 and over not in institutions, conducted in the spring of 1952 by the Bureau of the Census for the Institute of Industrial Relations of the University of California at Berkeley, provides a wealth of information on the economic situation of persons aged 65 and over at the survey date and on the size and source of their income during 1951.[1] Covering approximately the same period are detailed data, collected in a nationwide sample survey, on the economic status of retired workers and widows aged 65 and over receiving old-age and survivors insurance benefits in December 1950.[2] Unfortunately, the significance of the data from the 1951 studies for an evaluation of the present economic status of persons aged 65 and over is limited by the facts that the number of aged persons receiving old-age and survivors insurance benefit checks rose approximately 2.1 million, or almost two-thirds, in the 3 years between the end of 1951 and the end of 1954 and that benefits were increased substantially by the 1952 and 1954 amendments to the Social Security Act. The average monthly old-age (primary) benefit rose 40 percent—from $42.14 in December 1951 to $59.14 in December 1954—and the average benefit awarded to retired workers in March 1955 was $73.15. Finally, the proportion of insured workers aged 65 and over who claimed benefits was somewhat larger at the end of 1954 than it had been 3 years earlier.

In 1953 the Bureau of Public Assistance surveyed a national sample of old-age assistance recipients and collected detailed information on their needs, resources, and living conditions. Several State studies provide supplementary or supporting data.

Data based on sample surveys are, of course, subject to sampling variability, which may be large for small groups. They are subject also to errors of response and nonreporting.

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[1] Some preliminary findings were presented at the December 1953 meetings of the American Economic Association in papers by Robert Dorfman and Peter O. Steiner, printed in the May 1954 issue of the *American Economic Review*. A full report is nearing completion.

[2] For findings released to date and a description of the sample see the *Bulletin* for August 1952, June 1953, August 1953, April 1954, and May 1955; also *More Selected Findings of the National Survey of Old-Age and Survivors Insurance Beneficiaries, 1951*, January 1954. The sample was selected from among persons who had received at least one benefit check before October 1950. Most of the data cited in this article relate to all beneficiaries covered in the survey, including the 10 percent whose benefits were suspended 1 or more months of the year, while all but the last of the *Bulletin* articles listed are based on data for persons who received benefits during the 12 months of the survey year.

Since a respondent tends to forget minor or irregular sources of income, such errors tend to result in an underestimate of income. Measures of sampling variability have been developed by the Bureau of the Census, but not measures of error in response due to faulty memory, misunderstanding, or misrepresentation. With these reservations, the data are presented as the only basis for filling the gaps in knowledge of the resources of the aged.

The first section of this article presents data on the proportion of aged persons receiving money income from various sources and attempts to place in the income scale aged persons who rely on different types of income. Some estimates follow on the probable distribution by type of the aggregate money income of the aged. The second section deals with receipt of income in kind, in various forms, and the third with asset holdings, dissavings, and receipt of cash funds other than current income.

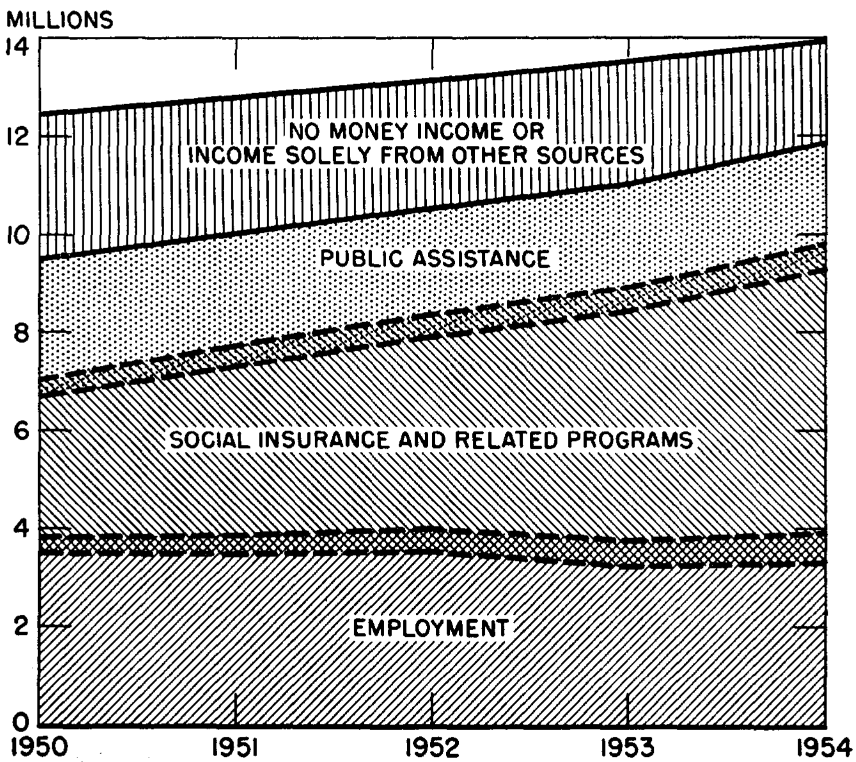
Money Income

The growth of public income-maintenance programs testifies to the importance attached by modern society to assurance of some money income[3] to the aged. Benefit payments have in recent years become the major continuing source of money income for a rapidly growing proportion of persons aged 65 and over, as shown in table 1 and chart 1. At the end of 1954, social insurance and related programs provided income for 6.6 million aged persons, or almost half of all persons aged 65 and over. Employment was a primary source of income for roughly one-fourth of all aged persons, and public assistance for about one-seventh, not counting those who received old-age assistance to supplement old-age and survivors insurance benefits. It is estimated that in December 1954 all but 4.0 million, or 29 percent, of the 13.9 million persons aged 65 and over in the continental United States had income from employment and/or social insurance or a related program and that all but 2.0 million, or 15 percent, had income from one or more of these sources and/or public assistance.

Between the end of 1950 and the end of 1954 there was a 10-percent drop in the proportion of aged persons with income from employment, but this decline was offset many times by the rise of almost two-thirds in the proportion with income in the form of retirement benefits, wives' annuities, or survivor benefits. It is estimated that at the end of 1954 some 600,000 persons were receiving income from both employment and social insurance or related programs, almost twice as many as in 1950. The number receiving both old-age and survivors insurance benefits and benefits under the railroad or public employees' retirement programs or veterans' compensation or pension programs also rose about 50 percent from December 1950 to more than 200,000 at the end of 1954.

Both men and women benefited greatly from the rapid expansion of old-age and survivors insurance and, to a lesser extent, of related programs, but the increase over the 5-year period in the number and proportion with income from such programs was even greater for women than for men. Employment declined in importance as an income source for men but was almost the same for aged women in December 1954 as in

Chart 1.—*Estimated number of persons aged 65 and over receiving money income from specified sources, December 1950–December 1954*[1]



[1] See table 1 for source and explanation.

[3] Money income is defined, as by the Bureau of the Census in its annual surveys of consumer income, to include wages or salary, net earnings from self-employment, interest, dividends, net income from rents and royalties, receipts from roomers or boarders, periodic income from estates and trust funds, benefit payments under social insurance and related programs, public assistance, Armed Forces allotments for dependents, industrial pensions and other benefit payments under private auspices, assistance from voluntary agencies, contributions from friends or relatives, and periodic receipts from insurance policies or annuities. Excluded from the definition are money received from the sale of property, withdrawals of bank deposits, money borrowed, tax refunds, gifts, lump-sum inheritances and insurance payments, and income in kind—for example, homegrown or contributed food, contributed clothing, and "free" shelter.

December 1950, as the number of aged women with earnings was somewhat larger. The estimated number of aged women with income from employment as wives of earners dropped as a percent of the total.

At the end of 1950, 31 percent of the aged men and 54 percent of the women were without income from employment or social insurance. By the end of 1954 these proportions had dropped to 19 percent and 39 percent. Although the total number of persons aged 65 and over on the public assistance rolls declined from 2.8 million in December 1950 to 2.6 million, more than half of the men and more than two-fifths of the women without income from employment or social insurance received public assistance at both dates. In addition, some 300,000 aged persons in December 1950 and some 500,000 in December 1954 received public as-

Table 1.—*Estimated number of persons aged 65 and over receiving money income from specified sources, by sex, December 1950–December 1954* [1]

[Continental United States]

Source of income [2]	Number of persons (in millions)					Percentage distribution [3]				
	1950	1951	1952	1953	1954	1950	1951	1952	1953	1954
	Men and women									
Total aged 65 and over	12.5	12.8	13.2	13.5	13.9	100.0	100.0	100.0	100.0	100.0
Employment	3.8	3.9	4.0	3.8	3.9	30.8	30.2	30.5	27.9	27.8
Earners	2.9	2.9	3.1	2.9	2.9	23.6	22.9	23.4	21.2	21.1
Wives of earners not themselves employed	.9	.9	.9	.9	.9	7.2	7.3	7.1	6.8	6.7
Social insurance and related programs [4]	3.6	4.3	4.9	5.7	6.6	28.5	33.6	36.9	42.4	47.2
Old-age and survivors insurance	2.6	3.3	3.8	4.5	5.3	20.7	25.5	28.5	33.5	37.9
Railroad retirement insurance [5]	.3	.3	.4	.4	.5	2.3	2.4	3.1	3.2	3.3
Government employees' retirement programs	.3	.3	.4	.4	.4	2.4	2.6	2.8	2.9	3.1
Veterans' compensation and pension programs	.3	.3	.4	.4	.5	2.5	2.6	2.9	3.2	3.5
Wives of beneficiaries not in direct receipt of benefits [5]	.2	.2	.1	.2	.2	1.5	1.6	1.0	1.2	1.2
Public assistance [6]	2.8	2.7	2.6	2.6	2.6	22.5	21.2	20.0	19.1	18.4
No money income or income solely from other sources	2.9	2.7	2.5	2.4	2.0	23.5	21.3	19.3	17.9	14.6
Income from more than one of specified sources	.6	.8	.9	1.0	1.1	5.2	6.3	6.7	7.4	7.9
Employment and social insurance	.3	.4	.4	.5	.6	2.6	3.0	3.3	3.8	4.2
Social insurance and public assistance	.3	.4	.5	.5	.5	2.7	3.3	3.4	3.6	3.7
	Men									
Total aged 65 and over	5.9	6.0	6.2	6.3	6.5	100.0	100.0	100.0	100.0	100.0
Employment (earners)	2.4	2.4	2.4	2.3	2.3	40.2	40.4	39.4	36.4	35.0
Social insurance and related programs [4]	1.9	2.3	2.6	3.0	3.4	33.0	38.4	42.0	47.9	53.1
Old-age and survivors insurance	1.5	1.8	2.0	2.4	2.8	24.9	30.1	33.1	38.4	42.9
Railroad retirement insurance	.2	.2	.2	.2	.2	3.5	3.5	3.6	3.7	3.8
Government employees' retirement programs	.2	.2	.2	.2	.3	3.2	3.5	3.6	3.8	3.9
Veterans' compensation and pension programs	.2	.2	.2	.3	.3	2.7	3.0	3.5	4.1	4.7
Public assistance [6]	1.2	1.1	1.1	1.1	1.0	20.1	18.8	17.6	16.7	15.8
No money income or income solely from other sources	.8	.7	.6	.6	.5	14.0	11.2	10.4	9.4	7.2
Income from more than one of specified sources	.4	.5	.6	.7	.7	7.3	8.8	9.4	10.3	11.1
Employment and social insurance	.2	.3	.3	.4	.4	4.1	4.8	5.2	6.0	6.6
Social insurance and public assistance	.2	.2	.3	.3	.3	3.2	4.0	4.1	4.4	4.5
	Women									
Total aged 65 and over	6.6	6.8	7.0	7.2	7.4	100.0	100.0	100.0	100.0	100.0
Employment	1.5	1.4	1.6	1.5	1.6	22.3	21.2	22.6	20.6	21.5
Earners	.6	.5	.7	.6	.7	8.8	7.4	9.3	7.8	8.9
Wives of earners not themselves employed	.9	.9	.9	.9	.9	13.5	13.8	13.3	12.7	12.6
Social insurance and related programs [4]	1.6	2.0	2.3	2.7	3.1	24.5	29.3	32.5	37.6	42.1
Old-age and survivors insurance	1.1	1.5	1.7	2.1	2.5	17.0	21.5	24.5	29.3	33.5
Railroad retirement insurance [5]	.1	.1	.2	.2	.2	1.3	1.4	2.6	2.8	2.9
Government employees' retirement programs	.1	.1	.1	.2	.2	1.7	1.9	2.0	2.2	2.3
Veterans' compensation and pension programs	.1	.2	.2	.2	.2	2.3	2.3	2.3	2.3	2.3
Wives of beneficiaries not in direct receipt of benefits [5]	.2	.2	.1	.2	.2	2.9	3.0	1.9	2.2	2.3
Public assistance [6]	1.6	1.6	1.5	1.5	1.5	24.7	23.4	22.1	21.3	20.6
No money income or income solely from other sources	2.1	2.1	1.9	1.8	1.6	31.9	30.3	27.2	25.4	21.0
Income from more than one of specified sources	.2	.3	.3	.3	.4	3.4	4.2	4.4	4.8	5.1
Employment and social insurance	.1	.1	.1	.1	.2	1.2	1.5	1.7	1.9	2.1
Social insurance and public assistance	.1	.2	.2	.2	.2	2.2	2.7	2.8	2.9	3.0

[1] Figures for 1950–53 differ somewhat from those previously published in the *Bulletin* because of the availability of new and revised population estimates and of certain changes in estimating procedure. Details may not add to subtotals and totals because of rounding.

[2] The sum of the persons shown under the 4 categories exceeds the number in the population by the number with income from more than 1 of the 3 main sources, as shown separately in each section. Persons with income from sources specified may also have received income from other sources.

[3] Percentages calculated from unrounded figures.

[4] Persons with income from more than one type of program are counted only once.

[5] Provision for direct payment of benefits to wives of retired employees under the Railroad Retirement Act became effective Nov. 1, 1951.

[6] Old-age assistance recipients and persons aged 65 and over receiving aid to the blind. Includes small number receiving vendor payments for medical care but no direct cash payment.

Source: Number of persons of specified age, sex, and marital and earner status estimated from published and unpublished data of the Bureau of the Census. Number of persons receiving payments under social insurance and related programs and from old-age assistance reported by administrative agencies (partly estimated).

sistance to supplement insurance benefits that were inadequate to meet their needs.

The estimated number of men with no current money income or income solely from sources other than those thus far enumerated declined about two-fifths, from more than 800,000 in December 1950 to some 500,000 in December 1954. The estimated number of women without income from employment or a public income-maintenance program dropped almost one-fourth, from 2.1 million to 1.6 million. The decline as a proportion of the total aged population was even sharper: almost half for men and one-third for women.

A few of these persons received income from unemployment or temporary disability insurance or workmen's compensation, programs not covered in table 1 because of paucity of data. In December 1954 about 3,700 persons aged 65 and over received unemployment insurance benefits and 7,800 received sickness insurance benefits under the Railroad Unemployment Insurance Act. In the State unemployment insurance programs it appears that in any 1 week persons aged 65 and over are probably more heavily represented in the claimant group than among employed workers, in part because, when they lose their jobs, they remain out of work longer than younger persons. On the arbitrary assumption that their representation among unemployment insurance beneficiaries was 50 percent higher than among persons employed in nonagricultural industries in December 1954, there would have been some 80,000–90,000 persons aged 65 and over receiving unemployment benefits under State programs in December 1954. In the four States with temporary disability insurance programs, it may be estimated that benefits from private or public plans were paid to some 20,000 persons aged 65 and over. No information is available on the number of beneficiaries under workmen's compensation.

Some of the beneficiaries of unemployment or temporary disability insurance or workmen's compensation programs receive income also from another social insurance program, a veterans' program, or public assistance. The first estimate of the total number of persons aged 65 and over without income from employment or a public income-maintenance program would probably be reduced by less than 200,000 and very possibly by less than 100,000 if it were possible to take into account those benefiting from the programs just discussed.

Some of the aged persons without income from employment or public income-maintenance programs receive periodic payments under individual annuities and supplementary life insurance contracts. At the end of 1953, an estimated 165,000 men and 590,000 women, excluding about 50,000 wives of male beneficiaries, were receiving such payments, and a considerable proportion of the women probably had no other money income. At the end of 1954 an estimated 950,000 aged persons (including wives of beneficiaries) were receiving payments under private group pension plans, but the great majority were also old-age and survivors insurance beneficiaries. Some of the aged persons without money income from employment or a public income-maintenance program were receiving interest, dividends, and other returns on investments. Others relied on relatives or friends or lived on private savings. In the following pages an attempt is made to assess the importance of these and other resources, such as an owned home and the value of home-produced food.

Table 2.—*Size of money income in 1951 of couples with head aged 65 and over and other persons aged 65 and over, by old-age and survivors insurance beneficiary status*

[Continental United States]

Money income class	Percentage distribution					
	Married couples with head aged 65 and over		Nonmarried men		Nonmarried women	
	Receiving benefits [1]	Not receiving benefits	Receiving benefits [1]	Not receiving benefits	Receiving benefits [1]	Not receiving benefits
All incomes	100.0	100.0	100.0	100.0	100.0	100.0
Less than $500	3.0	25.1	16.0	55.8	28.0	70.1
$500–999	19.5	19.3	46.0	20.5	44.1	20.1
1,000–1,499	26.3	11.0	18.5	6.5	17.3	2.4
1,500–1,999	16.7	8.0	7.5	3.5	4.7	2.9
2,000–2,499	12.5	7.2	4.9	2.8	3.0	1.0
2,500–2,999	7.5	4.4	2.3	2.4	1.2	.8
3,000–4,999	10.8	16.4	3.6	4.8	1.2	1.9
5,000 and over	3.6	8.6	1.2	3.7	.6	.8
Median income	*$1,506*	*$1,255*	*$848*	*$448*	*$693*	*$103*
Top decile	*3,815*	*4,829*	*2,093*	*2,688*	*1,560*	*522*

[1] Estimates for couples were derived from sample survey data for married men old-age beneficiaries with entitled wives and wives not entitled; excludes the relatively few married women old-age beneficiaries with husband who is not entitled on wife's wage record but may be on his own. Estimates for nonmarried women relate to nonmarried old-age beneficiaries and aged widow beneficiaries. Includes a few persons whose benefits were suspended for as many as 12 months in the year.

Source: Derived from Bureau of Old-Age and Survivors Insurance, *More Selected Findings of the National Survey of Old-Age and Survivors Insurance Beneficiaries, 1951*, January 1954, table A-200, and unpublished data from a special survey conducted by the Bureau of the Census for the Institute of Industrial Relations, University of California.

Social Insurance and Related Benefit Payments

Old-age and survivors insurance benefits were paid to 5.3 million persons aged 65 and over in the continental United States in December 1954, twice as many as at the end of 1950. There have also been impressive—although much less spectacular—gains in recent years in the number of persons receiving payments under the Railroad Retirement Act, public employees' retirement programs, and the veterans' pension or compensation program (table 1). Almost half of all aged persons are now in receipt of some income on which they can rely throughout the remaining years of their lives.

Information on receipt of benefits under private employee benefit plans is, of course, much less precise than data on public programs. It is estimated, however, that the number of retired workers receiving such benefits increased from about 400,000 at the end of 1950 to some 750,000 at the end of 1954 and that the number of women aged 65 and over married to men receiving private employee benefits went from about 110,000 to some 200,000.

According to the 1951 survey of old-age and survivors insurance beneficiaries, about 24 percent of the married men and 16 percent of the nonmarried men on the rolls at that time, 12 percent of the retired women workers, and 2 percent of the widows received retirement pay from public or private employer benefit plans, railroad retirement benefits, or union pensions financed by members. Income from private employer or union pension plans alone was reported by about 1 in 6 of the male beneficiaries and by 1 in 16 of the women. The proportion of male beneficiaries reporting income from private pensions (with a median value of $600) was closely correlated with the size of the primary insurance amount; almost half the men whose monthly old-age benefit was $60.00–$68.50 (the maximum in 1951) reported receipt of a private pension, compared with 4 percent of those with a primary benefit of less than $40.00 a month. The great majority of the persons now receiving private employee pensions are old-age and survivors insurance beneficiaries.

Table 3.—*Sources of money income in 1951 of men aged 65 and over, by money income class and by place of residence in April 1952*

[Noninstitutional population, continental United States]

Money income and type of community	Percentage distribution				
	Total with income	Nonearned income only	Earned income		
			Total	Earnings and other income	Earnings only
All incomes	100.0	47.2	52.8	19.9	32.9
$1–499	100.0	65.9	34.1	13.0	21.1
500–599	100.0	71.7	28.3	15.6	12.7
1,000–1,499	100.0	50.0	50.0	14.6	35.4
1,500–1,999	100.0	28.3	71.7	30.2	41.5
2,000 and over	100.0	14.1	85.8	28.7	57.1
All types of community	100.0	47.2	52.8	19.9	32.9
Urban	100.0	51.4	48.6	16.3	32.3
Rural nonfarm	100.0	48.1	51.8	23.4	28.4
Rural farm	100.0	33.3	66.6	26.8	39.8

Source: Bureau of the Census, *Current Population Reports: Consumer Income*, Series P-60, No. 11, and unpublished data from a special supplement to that survey.

Data from a special survey of the aged in Rhode Island, conducted in January 1953,[4] show that private pensions were rarely a primary source of income for recipients, at least for the men who received them. Government pensions, on the other hand, were characteristically a primary source of income for the persons receiving them.

Old-age and survivors insurance beneficiaries aged 65 and over are concentrated primarily in the middle and lower-middle money income groups, while other aged persons tend to be more numerous at the low and the upper money income levels (table 2).[5] Among the persons not on the old-age and survivors insurance rolls at the end of 1951 were some 1.2 million workers who were eligible for benefits but who had not filed a claim because they preferred employment to retirement benefits. At the end of 1954, the number of eligible workers exceeded by about 1.4 million the number receiving benefits. Aged wives who would have been eligible for wife's benefits if their husbands had retired probably numbered more than 250,000 at the end of 1951 and more than 300,000 at the end of 1954.

Many of the persons aged 65 and over who were awarded old-age and survivors insurance benefits after 1951 would not have been eligible—at the corresponding age—under the provisions of the Social Security Act before the 1950 amendments. Consequently in 1951 they would have had to rely on public assistance or on family support, if they were not employed or if they had not accumulated private savings. Between December 1951 and December 1954 the number with no income from employment (either as workers or wives of earners) or from a public income-maintenance program dropped from some 700,000 to 500,000 for men aged 65 and over and from some 2.1 million to 1.6 million for women aged 65 and over. In relation to the total population aged 65 and over at each date the decline was from 12 percent to 8 percent for men and from 31 percent to 22 percent for women.

The distribution of old-age and survivors insurance beneficiaries by size of money income is, of course, considerably more favorable now than in 1951 because of the increases in benefit payments. There is, however, no evidence to suggest that the liberalization of benefits and of coverage has resulted in any significant shift in the relative income position of beneficiaries and of those not on the rolls.

Earned Income

The number of persons aged 65 and over with any income from employment as earners or as wives of earners was about the same in December 1954 as in December 1950. It may therefore be assumed either that work opportunities for persons aged 65 and over failed to keep pace with the growth of this population group or that a larger proportion chose to retire. The proportion of all aged persons with income from employment dropped from about 31 percent to about 28 percent. The decline is less significant than it appears, however,

[4] *Old-Age in Rhode Island*, Report of the Governor's Commission to Study Problems of the Aged, July 1953.

[5] Data in table 2 and most of the subsequent tables are presented separately for couples wtih head aged 65 and over and for nonmarried men and women aged 65 and over, rather than for all aged persons by sex, because the living pattern of couples is different from that of other aged persons. This presentation eliminates the distortion caused by the fact that most married women are dependent on their husbands for support. The data in table 1 are designed to take account of this fact, as far as possible, but the problem can be fully resolved only when sample data are available that permit merging data for husbands and wives. Inclusion of income received by wives under age 65 causes some distortion, but it is likely to be of minor importance.

The term "nonmarried" is used throughout to apply to persons never married, and to those widowed, divorced, or separated. The 1951 data are estimated to apply to 3.9 million couples with head aged 65 and over (usually referred to as aged couples), in almost 2.2 million of which the wife was aged 65 or over, and to 2.0 million nonmarried men and 4.3 million nonmarried women not in institutions. There were in addition roughly 400,000 aged men and women in institutions, who are excluded from most of the tables because they were not covered in the 1951 nationwide survey.

because it reflects in part a shift in the sex-age composition of the population aged 65 and over. Between July 1, 1950, and July 1, 1954, the latest date for which detailed estimates of the population by age and sex are available, the number of men aged 65–69—the group most likely to be in the labor force—increased by only 146,000 or 6 percent. At the same time the total number of men aged 70 and over plus all women aged 65 and over increased almost 1.3 million or 13 percent.

The decline in average income with advancing age results from a variety of causes: downgrading for some who remain in the labor force, a shift from full-time to part-time work for others, and—most important—full retirement. Those who continue at work have substantially higher incomes than those not in the labor force. Data for male income recipients in 1951 illustrate the point. The median income of all men with any income in that year was less than one-third as large for those aged 65 and over as for those aged 25–64 ($1,008 compared with $3,313), but among men in the labor force the differential was only about half as great ($2,121 and $3,361). For men aged 65 and over the median income of those in the labor force was between two and a half and three times as large as the median income of those not in the labor force.[6]

These differences are pointed up by Bureau of the Census data for aged men in 1951, summarized in table 3. The upper panel shows that the proportion of men aged 65 and over with earnings increases sharply at progressively higher money income levels, from about one-third among those with less than $1,000 to six-sevenths among those with $2,000 or more. The differences would be magnified if farm residents could be excluded from the comparison because they are more likely than nonfarm residents to have some earnings, as shown by the lower panel of the table. Unfortunately, the sample was not large enough to permit analysis of the data by income and by degree of urbanization. Even the data presented can be taken only as suggestive because of the high sampling variability.

Corresponding data for women are less meaningful because of the tendency for married women to rely on their husbands for support. It is nevertheless of interest that, in 1951, 55 percent of all aged women received some money income in their own name. The proportion is higher than among younger women, largely because of old-age and survivors insurance but also because aged women predominate in the number receiving income from individual annuities and proceeds of life insurance policies. Indeed, among women not in the labor force in April 1952, the proportion receiving income in their own names was 52 percent for the 65-and-over age group and 17 percent for those aged 25–64. Only one-fifth of the women aged 65 and over who reported they received some income in 1951 had earned income.[7]

When data are examined for married couples with head aged 65 and over and for other men and women aged 65 and over, rather than for all aged men and all aged women, the pattern that emerges is more meaningful. According to the 1951 survey of all aged persons, employment was by far the most frequent source of income for couples[8] and shared first place with pensions for nonmarried men, but for nonmarried women earnings were far less important than public assistance (the most frequent source), pensions, or income from assets (table 4).[9]

[6] Bureau of the Census, *Current Population Reports, Consumer Income*, Series P-60, No. 11, tables 3 and 4.

[7] Ibid., tables C, 3, and 4.

[8] Earnings of wives under age 65 are included. In 1951, of old-age and survivors insurance men beneficiaries who were married and living with a wife who was not entitled to benefits, 28 percent reported some earnings by the wife. The large majority of these wives were not entitled because they were under age 65.

[9] The Rhode Island survey conducted in January 1953 showed more or less similar relationships except that old-age and survivors insurance and other pension income tended to be more important in relation to earned income than it was nationally in 1951, owing no doubt to the difference in the period covered and the fact that Rhode Island is much more highly urbanized than the Nation as a whole.

Table 4.—*Source of money income in 1951 of couples with head aged 65 and over and of other persons aged 65 and over, and median total money income of units with and without income from specified source*

[Noninstitutional population, continental United States]

Source of money income	Married couples	Nonmarried men	Nonmarried women
	Percent having income from specified source [1]		
Money income	92.7	84.1	65.4
Earnings	56.6	33.7	12.6
Primary source	42.1	22.8	7.8
Only source	29.1	17.5	6.0
Pensions (public and private)	35.6	33.6	21.4
Primary source	22.6	25.8	14.6
Only source	12.5	16.0	10.1
Asset income	25.5	17.0	21.6
Primary source	8.6	6.2	12.0
Only source	4.3	4.5	9.0
Public assistance	16.4	26.2	25.6
Primary source	12.0	19.3	23.4
Only source	8.8	16.7	20.7
Regular contributions of money from persons not in the household	.8	1.5	2.6
	Median [2] total money income of units with and without income from specified source		
Total	$1,387	$662	$403
Total with money income	1,460	777	623
Earnings:			
With	2,162	1,440	738
Without	885	474	382
Pensions (public and private):			
With	1,264	801	662
Without	1,461	517	360
Asset income:			
With	1,769	(3)	772
Without	1,250	590	358
Public assistance:			
With	856	539	528
Without	1,589	750	371
Cash contributions:			
With	(3)	(3)	(3)
Without	1,354	659	401

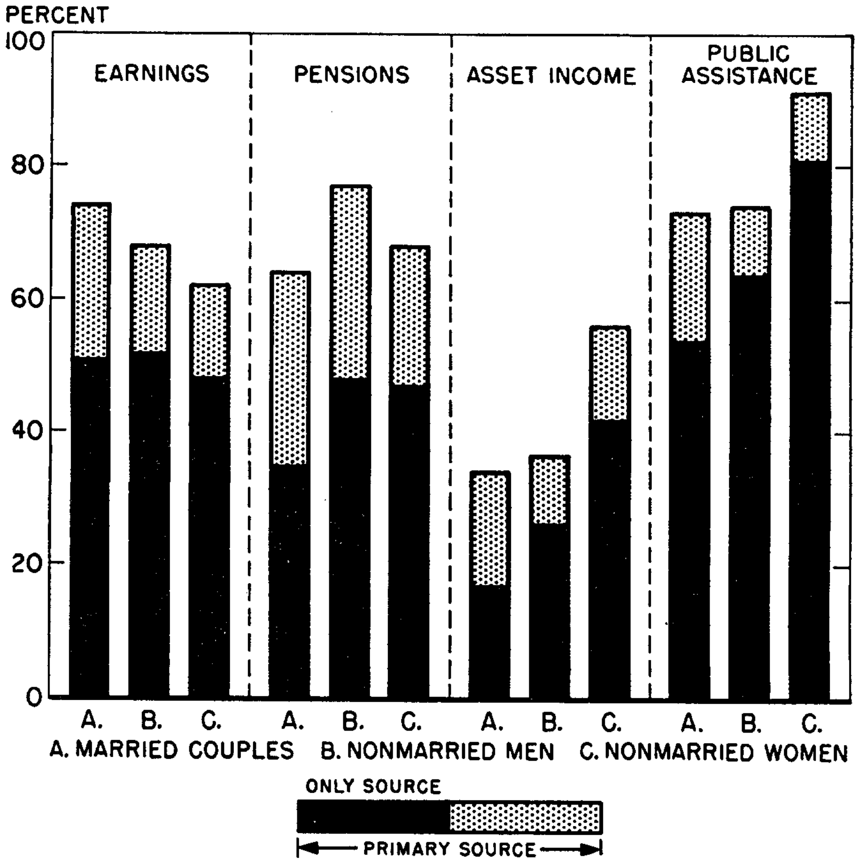
[1] Percentage reporting earnings, pensions, etc., represents those with $1 or more from that source. Percentage reporting designated source as the only or primary source excludes those (generally few in number) receiving less than $200 from that source even though it was in fact the only or primary source of income that year. Dissavings and the portion of lump-sum inheritances or insurance settlements used for current living were taken into account in this study in determining the only or primary source of income.

[2] Medians based on all units, including those with no money income. When more than half the units report less than $500, the median is higher if those reporting zero income are combined into a single class with those reporting $1–$499, following Bureau of the Census procedure, rather than treated as a separate class. Medians shown in the table were calculated according to the Bureau of the Census procedure. Medians calculated according to the alternative procedure are as follows—Nonmarried men, without earnings, $451; nonmarried women: total, $290; without earnings, $200; without pensions, $117; without asset income, $114; without public assistance, $83; without cash contributions, $267.

[3] Sample too small to calculate median.

Source: Unpublished data from a special survey conducted by the Bureau of the Census for the Institute of Industrial Relations, University of California.

Chart 2.—*Percent of couples with head aged 65 and over and of other persons aged 65 and over with income from specified sources for whom that source was the primary source of money income and the only source yielding $200 or more, 1951* [1]



[1] See table 4 for source and definitions.

In 1951, earnings were the primary source of income for more than two-thirds of the Nation's aged with any earnings (chart 2). If it is assumed that the increase in the proportion with benefits of any kind has been about the same as the rise in the proportions of men and of women who received old-age and survivors insurance benefits, it is probable that retirement and survivor benefits at the end of 1954 equaled earnings in importance as a source of income for couples and ranked first for nonmarried persons. The proportions of earners whose earnings are a primary source of money income may well have declined since 1951.

Public Assistance

The number of old-age assistance recipients in the continental United States declined about 250,000 between December 1950 and December 1954, while the aged population increased almost 1.5 million. The program is still of great importance, however, for many aged men and women—particularly widows aged 70 or over. They include persons who worked (or whose husbands worked) in employment not covered by old-age and survivors insurance or who retired before they established their eligibility for old-age and survivors insurance.

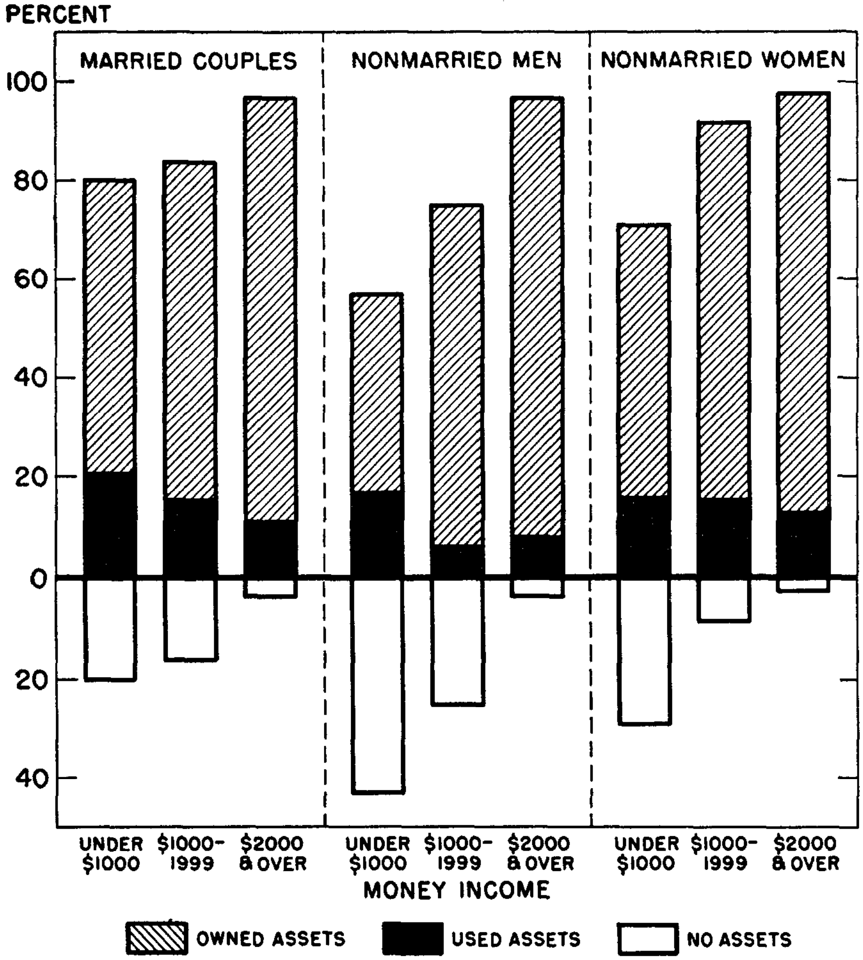
In 1951 the median total money income of nonmarried women was substantially higher for those on the assistance rolls than for others (table 4). This difference reflects the fact that almost half of the latter had no cash income. Of those not receiving public assistance, who had some money income, approximately half had money incomes of less than $700.

As would be expected, in 1951 public assistance was the primary source of income for more than nine-tenths of the nonmarried women on the rolls and almost three-fourths of the men. For about four-fifths of the nonmarried women on the rolls it was the only source of money income that amounted to $200 or more. Old-age assistance was most often a secondary source of income for retired male beneficiaries of old-age and survivors insurance whose benefits were supplemented. At the end of 1950, some 300,000 persons aged 65 and over were receiving both old-age and survivors insurance benefits and old-age assistance. The number has been increasing gradually since then to almost 500,000 in February 1955. According to unpublished data from the national survey of old-age assistance recipients conducted in 1953, about two-fifth of the couples receiving old-age assistance and one-third of the other recipients had some money income in addition to their assistance check. Old-age and survivors insurance was most important as a source, with some 17 percent of the recipient units reporting benefits. About 7 percent reported income from earnings, and the same percentage reported cash contributions from children.

A survey of the aged made in California in 1952 [10] provides comparative data on the two most important sources of support for old-age assistance recipients and other persons aged 65 and over. The predominance of assistance income for old-age assistance recipients is shown once again, even though the percentage of California's aged (both couples and nonmarried persons) receiving old-age assistance is considerably larger (32

[10] Floyd A. Bond, and others, *Our Needy Aged: A California Study of a National Problem*, Henry Holt and Company, Inc., 1954. The income data were collected in an intensive field survey of a sample of all persons aged 65 and over in California not living in institutions. The data are not entirely comparable with those presented elsewhere in this article because income was defined to include occupancy value of owned home and other income in kind. Most of the data from this source that are used here are taken from tables 23, 68, and 69, pages 31, 275, and 277.

Chart 3.—*Ownership and use of assets by married couples with head aged 65 and over and by other persons aged 65 and over, by money income, 1951* [1]



[1] See table 9 for source and definitions.

percent) than is true of the aged throughout the Nation (19 percent) and the average grant is larger than in all but a few States. Because of California's high levels of assistance payments, none of those on the assistance rolls received income of less than $960 a year from all sources, while 14 percent of those not receiving assistance had annual incomes of less than $750, composed largely of "help" from children, occupancy value of owned homes, savings, and general assistance. The authors estimated that if the assistance payments had been withdrawn from those on the rolls in 1952, 69 percent of the couples and 92 percent of the nonmarried persons would have dropped below the $750-a-year income level. Old-age assistance was the only source of cash funds for about 24 percent of all those receiving assistance. Elderly women, mostly widows, would have been most drastically affected.

Wages and salaries stood out as of major importance for California couples not on the assistance rolls, but a significant number also received their chief support from pensions, property income, and "help" from children. For nonmarried persons, "help" from children was most often of first importance, followed in order by earnings, pensions, and property income. The second most important resource reported by aged persons in California, whether or not they received assistance, was the occupancy value of their homes, with old-age and survivors insurance next in importance for couples.

Asset Income

Some income in the form of interest or dividends, annuities, or rents (including income from roomers) accrued in 1951 to about one-fourth of the couples with aged head, one-sixth of the nonmarried aged men, and more than one-fifth of the nonmarried aged women (roughly one-third of those with income) (table 4). Asset income (as defined in the survey) was the primary source of income (and exceeded $200) for nonmarried women more often than for couples or nonmarried men (chart 3). Indeed it was the primary income source for about 18 percent of the nonmarried women with income but for less than half that proportion of the couples and nonmarried men.

On the basis of these data it may be estimated that perhaps 250,000 of the 700,000 men and 600,000 of the 2.1 million women with no income from employment or a public income-maintenance program at the end of 1951 had investments that yielded some cash returns. If, as seems probable, there was little change between December 1951 and December 1954 in the proportion of aged persons with income from assets, perhaps half of the men and one-third of the women without income from employment or a public income-maintenance program in December 1954 had some money income from assets.

Although the median total money income of aged persons with income from assets is substantially larger than that of other aged persons (table 4), it is probable that many of these persons received only small returns on their assets—and relatively few, very large returns—and that a relatively large proportion of the men with asset income were employed. Persons with good earnings during their working lifetime are more likely than others to be able to accumulate assets, and they are also likely to continue longer than others in the labor force and to be eligible for a pension on retirement. Receipt of asset income in 1951 was reported with greater frequency by old-age and survivors insurance beneficiaries than by the aged population at large, as shown by comparing the following figures from the beneficiary study with those in table 4 for the total aged population.[11]

Type of beneficiary	Percent of beneficiaries with income from assets	
	Total	Asset income of $75 or more
Married couples	50	28
Nonmarried men	34	16
Nonmarried women	48	23

The differences may be even greater than they appear because asset income was defined to include annuities and income from roomers in the family home in the 1951 study of all the aged but was limited to income from interest, dividends, and net rentals on real estate in the survey of old-age and survivors insurance beneficiaries.[12] On the other hand, the general tendency for respondents to forget to report small amounts of income received infrequently, such as an occasional small interest or dividend payment, may have been more evident in the survey of all the aged than in the old-age and survivors insurance beneficiary survey, where the schedule called for much more detail on income sources.

According to the California State survey of the aged in 1952, 22 percent of the couples received some income in the form of interest, 18 percent had rental income, and 3 percent received income from annuities. Of the nonmarried persons, 17 percent had interest income; 20 percent, rental income; and 5 percent, income from annuities. Information is not available on receipt of more than one of these forms of income by the same economic unit, but there is probably considerable overlap.

Personal Gifts and Contributions

Regular contributions in cash from relatives or friends not living in the household appear to be of negligible importance as an income source for aged persons, according to the special survey of the aged in 1951 (table 4). This finding is confirmed by the Rhode Island study, which found that regular contributions were a primary source of income for only 0.3 percent of the married persons and 1.7 percent of the nonmarried persons. Cash gifts, not on a regular basis, may be considerably more important, however, as shown by the beneficiary study, where "payments by persons (relatives and friends) outside the household," not limited to regular contributions, were reported as a source of income by 6 percent of the beneficiary couples and by 5 percent of the nonmarried men and 10 percent of the nonmarried women beneficiaries. Payments were sometimes regular but were more often made to help meet specific bills.

The 1953 national survey of old-age assistance recipients provides information on contributions by children in the home and living elsewhere.[13] Of all old-age assistance recipients (with married couples in which both received old-age assistance counted as two recipients), 5 percent reported cash contributions from children not in the home and 2 percent from children in the home. Some 27 percent of the recipients had no living children. Of those with children, 9 percent received some cash contributions. Contributions in kind, especially shelter, were much more important, of course, particularly when the children were in the home, but they were not insignificant when the children lived elsewhere.

Contributions for support and gifts of cash from persons not in the immediate family were found to be of considerable significance in 1950 for aged persons living in cities who had very limited or substandard economic resources—about half a million aged couples and 2 million aged nonmarried persons not living with their children—according to a special study now in preparation for the Franklin D. Roosevelt Foundation. About 20 percent of the aged couples and 30 percent of the aged nonmarried persons who were living alone received some money income in the form of gifts or personal contributions, averaging slightly more than $200 per recipient unit. Indeed, the ability of some to maintain separate quarters was partly dependent on these contributions. Among those living with others, 18 percent of the couples and 9 percent of the nonmarried persons received contributions and gifts in cash.

As previously noted, "help" from children was important to the aged in California, particularly to those not on the old-age assistance rolls, with 15 percent of the nonmarried persons and 7 percent of the couples listing it as the major source of income. Twenty-nine percent of all nonmarried persons and 13 percent of all couples covered in the California survey reported some "help" from children, and 5 percent and 3 percent, respectively, reported "help" from others as an income source. The "help" is not clearly defined and may include both contributions in kind and also contributions (in cash and kind) from persons in the same household.

Estimated Distribution of Aggregate Money Income

Any estimate of the aggregate money income of all persons aged 65 and over in the United States—the total amount and the amount for each type—comes perilously close to guesswork. Few of the data used by the Department of Commerce to build up national income estimates are available for distinct population groups, and the underreporting known to exist in field surveys of income varies widely by type of in-

[11] Most of those reporting asset income of less than $75 had only a few dollars of accrued interest on savings accounts. The data from both surveys show that the larger the total money income, the larger the proportion in receipt of asset income.

[12] Unpublished data for 1949 from the Census Post-Enumeration Survey show that some 3–4 percent of income recipients aged 65 and over had income from roomers and boarders. Among old-age and survivors insurance beneficiaries in 1951, such income was reported by 10 percent of the nonmarried women and 4 percent of the couples. Separate data on receipt of annuities by beneficiaries are not available, but they were clearly of minor importance in that year.

[13] Contributions by children in the home are not reported in the Bureau of the Census surveys or in the 1951 beneficiary survey because they represent transfers among family members.

come.[14] Nevertheless, the deep interest in this subject seems to warrant building up a set of estimates from the meager data available.

In 1953, payments under social insurance and related programs to persons aged 65 and over amounted to more than $3.5 billion, almost 20 percent of the estimated aggregate money income of the group. Public assistance payments in cash exceeded $1.5 billion, or roughly 8 percent of the total, and vendor payments for medical care brought the total to $1.6 billion. Earnings, despite the fact that fewer than 30 percent of those aged 65 and over worked at any time during 1953,[15] are estimated to have approached $9 billion or nearly half the estimated aggregate. Nonearned money income from private sources, composed of interest, dividends, net rents, payments under private pension plans, individual annuities and supplementary life insurance contracts, and regular cash contributions from friends and relatives, was probably about equal in total amount to payments under public income-maintenance programs in that year. Payments in 1953 under private pension plans to persons aged 65 and over are estimated at about $410 million, and payments under individual annuities and supplementary life insurance contracts at $375 million. In combination, such payments comprised more than one-fifth of the estimated total amount of nonearned income from private sources.

Two years earlier, social insurance and related payments were considerably smaller and less important in relation to the estimated total. Public assistance comprised a larger portion of the total, although such payments were about the same in amount. Estimated earnings were also more important in 1951, representing more than half the estimated total money income received by aged persons in that year.

By the end of 1954, primarily as a result of the expansion of old-age and survivors insurance and the liberalization of benefits, social insurance and related payments, at an annual rate, were approaching one-fourth of the estimated aggregate money income. Public assistance and earnings were each about the same in amount as in 1953 but constituted smaller shares of the total. With an increase of more than 25 percent in payments under private pension plans, and on the assumption that there was a rise in asset income corresponding to the increase in the number of aged persons and in per capita income from assets, other nonearned money income at the end of 1954 would have been of about the same importance as in 1953, in relation to the estimated total money income of the aged.

Although the figures cited, except those for the public income-maintenance programs, are subject to a wide range of error, even rough estimates may be useful because they bring to light certain points that do not appear when attention is focused on persons receiving different types of income or their distribution by size of total money income. In addition, the estimates call attention to gaps in knowledge that may stimulate further research.

Perhaps the most striking finding is the importance of earnings, even at the end of 1954, despite the slow decline in labor-force participation by the aged and the spectacular rise in insurance benefits. Their significance—not only for most of those who are employed but for the aged population as a whole—lends weight to efforts directed at maintaining, if not expanding, work opportunities for persons aged 65 and over who are willing and able to work.

Retirement benefits and pensions naturally are not so large as earnings. Accordingly, if the trend of recent years continues, with benefit payments comprising an increasing proportion of the estimated aggregate money income of the aged, there will be a steady growth in the proportion of aged persons with modest amounts on which they can rely for the rest of their lives. While proportionately more of their income will be tax free, the per capita money incomes for the aged population as a whole will perhaps be smaller.

Nonmoney Income

Attention has been directed thus far to sources of money income, because cash income has come to be regarded as necessary for self-respect in today's money-oriented society. Despite the evidence from the California survey, it has become steadily less feasible for the aged to rely on their children for support or, as increasing urbanization has brought smaller families and smaller dwellings, to share their children's homes. The development and expansion of public income-maintenance programs for the aged are in recognition of these facts. Collection of reliable information on income in kind from respondent families in field surveys is difficult, and no techniques have been devised to value income in kind in a manner to ensure its equivalence with the money income with which it would be combined.[16] Finally, there is the fact that "the consumption pattern—the actual content of the consumption level attained by those with income largely in money—will almost inevitably differ from that of those with an 'equivalent' income but appreciably less money income. Only to a limited and varying extent do the consumption items of the latter represent choices made by the recipient unit during the period."[17]

Nevertheless, income in kind does influence the need to purchase goods and services, there is evidence that receipt of nonmoney income tends to be directly correlated with age, and the importance to the aged of income in kind is intensified by the fact that their cash resources are characteristically small.

The major forms of income in kind are (1) food produced for home consumption, (2) owned homes occupied by nonfarm families and dwellings

[14] Selma F. Goldsmith, "Appraisal of Basic Data Available for Constructing Income Size Distributions," *Studies in Income and Wealth,* Vol. 13, National Bureau of Economic Research, 1951, pages 266–373.

[15] Bureau of the Census, *Current Population Reports, Labor Force,* Series P-50, No. 54.

[16] Margaret G. Reid, "Distribution of Nonmoney Income," *Studies in Income and Wealth,* Vol. 13, National Bureau of Economic Research, pages 124–179; and Department of Commerce, *Income Distribution in the United States,* 1953, page 20.

[17] Hazel Kyrk, "The Income Distribution as a Measure of Economic Welfare," *American Economic Review,* May 1950, page 347.

occupied by farm families where the cost is included in the cost of farm operations, and (3) goods and services provided by relatives and friends or received as pay. Public services in such fields as education, guidance, job placement, recreation, and medical care contribute to the well-being of many individuals, but it is not practical to try to evaluate them.

Home-Produced Food

Home-produced food is, of course, of considerable importance to farm families, and it is an important supplement to the cash income of some nonfarm families, primarily those in rural nonfarm communities. In the past the proportion of persons living in rural areas has been larger among persons aged 65 and over than among younger adults, but the difference has been reduced in recent decades and practically disappears if comparison is made between persons aged 65 and over and all other persons. In 1950 the relative numbers were as follows:[18]

Area	Percent of persons aged 65 and over	Percent of persons under age 65	
		Total	Aged 20–64
Total	100.0	100.0	100.0
Rural farm	14.3	15.4	13.2
Rural nonfarm	21.9	20.6	19.1
Urban	63.8	64.0	67.7

Since 1950 there has apparently been a cityward movement by the aged as well as by younger persons. In April 1954 the proportion of the civilian population living on farms and in rural nonfarm areas was 12.9 percent and 20.9 percent, respectively, for persons aged 65 and over and 11.9 percent and 21.3 percent for persons aged 20–64.[19] Consequently, it should not now be inferred that because of differences in location of residence home-produced food is more available to the aged than to younger adults, as it may have been in the past. It is, however, more important for the aged by virtue of the fact that their cash incomes are smaller, and the value of home-produced food should be considered as a supplement to money income in considering the resources of the aged.

The valuation problem is difficult. For farm families, for whom home-produced food is most important, the major question is whether it should be valued at the retail prices that would be paid to purchase the food, by the income foregone (that is, at farm prices, assuming all the food could have been sold), or on some other basis. The choice of method depends on the purpose, but any method is open to some criticism. The national income and product totals prepared by the Department of Commerce use a figure based on farm prices.

For 1951 the total value at farm prices of farm products (food and fuel) produced and consumed directly by farm families is estimated by the Department of Agriculture at about $400 per farm and less than $100 per person, and for 1954 at about $350 per farm and less than $90 per person.[20] It is estimated, on the basis of a special analysis of data on the money value of home-produced food in the spring of 1952, that the value of such food at retail prices is about double the value at farm prices, and that the average value of food produced for home use by rural nonfarm families is about one-fourth that of food produced for home consumption by farm families.[21]

The values are gross because data on costs of production are not available separately from costs of producing farm products for sale. For farm families, however, net total income would be the same if the production expense could be allocated because cash income from farming would be increased and income in kind decreased by the same amount. For nonfarm families, however, the use of gross values results in an exaggeration of income because the expenses of raising food do not enter into the calculation of money income.

Finally, it should be noted that the use of mean values of home-produced food may result in some exaggeration of income in kind. The reason is that a leveling off occurs in cash expenditure per person for purchased food as the value per person of home-produced food increases, indicating that a minimum outlay in cash is required to obtain certain foods that cannot be home-produced.[22] In other words, there is a tendency to overstate the effective income of families with extensive home production for family consumption; the diet of such families may be better than average, but they may not have cash available to pay for such items as medical care or clothing.

Despite these qualifications and the fact that some of the aged persons living in rural areas may be unable to raise food because of ill health, it is useful to examine the effect on the distribution of the aged by size of income in 1951 when the estimated value of food produced and consumed by rural families is added to money income. For the maximum effect, the money-income distributions have been adjusted by adding estimates of the gross value of home-produced food at retail prices. As shown in table 5, for rural residents this procedure reduces the proportion with incomes of less than $1,000 in 1951 from 50 percent to 38 percent for aged couples and from 89 percent to 85 percent for nonmarried persons aged 65 and over. It increases the proportion with incomes of $2,500 and more from 18 percent to 20 percent for couples and less than one percentage point for nonmarried persons. For all aged couples in the United States, the adjustment for those living outside urban areas (42 percent) reduces the proportion with less than $1,500 income in 1951 from 54 percent to 51 percent and raises the proportion with $3,000 or more from

[18] Bureau of the Census, *U. S. Census of Population, 1950*, vol. II, part I, *U. S. Summary*, chapter B, table 38.

[19] Bureau of the Census, *Current Population Reports, Population Characteristics*, Series P-20, No. 56.

[20] Based on data in Department of Agriculture, *Farm Income Situation*, October 1954 and March 1955.

[21] Department of Agriculture, Miscellaneous Publication No. 550, page 40, table 20.

[22] Department of Agriculture, Miscellaneous Publication No. 405, pages 15–18, and more recent unpublished data.

22 percent to 23 percent. For all aged nonmarried persons not in institutions, the income adjustment for those living in rural areas (34 percent) has a negligible effect, leaving more than half with incomes of less than $500 and more than four-fifths with less than $1,000 in 1951. If the estimated aggregate income in kind from home production of food is added to the estimated aggregate money income of the aged in 1951, the total is increased about 3 percent.

Home Ownership

Ownership of homes is much more common among persons aged 65 and over than among younger persons. In 1950, 65 percent of the nonfarm dwelling units where the family head was aged 65 and over were owner-occupied, compared with 51 percent of the units in which the family head was younger.[23] The housing conditions of aged owners, however, are generally worse than those of younger householders, as evidenced by 1950 data for the nonfarm population. Persons aged 65 and over owned less valuable structures than the American nonfarm population as a whole, with a median estimated value of one-family structures of $6,000, compared with $7,400 for the Nation as a whole. Their houses were more frequently old, situated in neighborhoods that had deteriorated, and dilapidated and lacking in plumbing facilities. Only when overcrowding is considered were persons aged 65 and over better off than the rest of the population.[24] Of all owner-occupied units in 1950, private toilet and/or bath and/or hot running water was lacking in 25 percent of the units headed by a person aged 65 or over and in 18 percent of those where the head was younger.[25] Doubtless, many elderly homeowners would be more comfortable in smaller quarters but have a sentimental attachment to their homes or could not realize enough on the sale of the old home to cover the rent of smaller and more convenient quarters.

Table 5.—*Size of income in 1951 in money and in money plus the value of food home-produced by rural residents, for couples with head aged 65 and over and other persons aged 65 and over*

[Noninstitutional population, continental United States]

Income class	Percentage distribution: Married couples, Money income as reported	Married couples, Money income plus value of home-produced food [1]	Nonmarried persons, Money income as reported	Nonmarried persons, Money income plus value of home-produced food [1]
	Total			
All incomes	100.0	100.0	100.0	100.0
Less than $500	18.7	15.4	55.7	52.5
$500–999	19.4	17.8	26.4	28.2
1,000–1,499	15.4	17.7	6.8	7.9
1,500–1,999	10.5	11.3	3.8	4.0
2,000–2,499	8.7	9.6	2.0	2.0
2,500–2,999	5.3	5.3	1.4	1.4
3,000–3,999	9.3	10.0	2.2	2.2
4,000 and over	12.7	12.9	1.7	1.7
	Living in rural areas			
All incomes	100.0	100.0	100.0	100.0
Less than $500	25.8	17.8	63.6	54.3
$500–999	24.3	20.3	25.6	31.1
1,000–1,499	15.4	20.9	4.1	7.5
1,500–1,999	10.8	12.6	2.4	2.9
2,000–2,499	6.2	8.3	1.7	1.4
2,500–2,999	4.3	4.5	.5	.7
3,000–3,999	4.8	6.3	.8	.9
4,000 and over	8.5	9.2	1.2	1.3

[1] Money income distribution adjusted crudely on the assumption that average income in kind from food produced for home consumption (gross value at retail prices) was equivalent to $400 for couples and $200 for nonmarried persons on farms, $100 for couples and $50 for nonmarried persons living in rural nonfarm areas.

Source: Derived from unpublished data from a special survey conducted by the Bureau of the Census for the Institute of Industrial Relations, University of California, and data from the Department of Agriculture on the value of food produced for home consumption by rural families. See text for details of procedure.

In 1951, almost three-fourths of the couples with aged head and almost two-fifths of aged nonmarried persons not in institutions owned their homes, according to the special survey of the aged. Of the old-age and survivors insurance beneficiaries aged 65 and over surveyed in the same year, approximately two-thirds of the couples, more than one-third of all nonmarried women (a larger proportion of the widows), and about one-fourth of the nonmarried men owned their homes. More than 80 percent of each group of owners held their homes free and clear of mortgage.

In general, homeowners receive some income in kind—that is, the difference between the rental value of the dwelling and the current maintenance costs (taxes and assessments, insurance, repairs and replacements (not improvements), and interest on the mortgage (not principal payments)). Theoretically, this difference represents the return that they would receive if they made different living arrangements and rented the house to others or if they had not bought a home and had invested the same funds in another way. It is extremely difficult to determine the amount of nonmoney income attributable to homes owned by persons aged 65 and over because it is necessary to draw inferences from data for other groups in the population.

Surveys of the incomes and expenditures of families of all ages and types reveal several facts.[26] The rental value of owned homes, for example, generally exceeds the rent paid by renters in the same income class, with the differential decreasing at progressively higher income levels. The differential, whatever its exact size, is minimized by the fact that the rent charged for rented quarters includes heat, utilities, and other facilities to a varying extent, depending on the size of community and the type of dwelling.

The rental value of an owned home as recorded in these surveys represents an estimate of the amount for which such a home would rent in the light of rents charged for similar quarters in the same neighborhood, as reported by the respondent and (in most cases) checked by the interviewer. There is some evidence that owned dwellings may be superior—at

[23] Bureau of the Census, *1950 Census of Housing*, vol. II, *Nonfarm Housing Characteristics*, part I, table A-8.

[24] Leonard S. Silk, "The Housing Circumstances of the Aged in the United States, 1950," *Journal of Gerontology*, January 1952, pages 87–89.

[25] Bureau of the Census, *1950 Census of Housing*, op.cit.

[26] Bureau of Labor Statistics, *Family Spending and Saving in Wartime*, Bulletin No. 822, 1945, table 22, and *Family Expenditures in Selected Cities, 1935–36*, vol. I, *Housing*, Bulletin No. 648, 1941, tables 6 and 7; Department of Agriculture, *Rural Family Spending and Saving in Wartime*, Miscellaneous Publication No. 520, June 1943, table 17.

Table 6.—*Size of income in 1951 in money and in money plus the value of housing in kind, for married couples with head aged 65 and over and other persons aged 65 and over*

[Noninstitutional population, continental United States]

Income class	Percentage distribution	
	Money income as reported	Money income plus value of housing in kind [1]
All incomes	100.0	100.0
Less than $500	41.4	32.5
$500–999	23.7	25.5
1,000–1,499	10.1	14.7
1,500–1,999	6.4	6.9
2,000–2,499	4.6	5.6
2,500–2,999	2.9	3.2
3,000–3,999	4.9	5.3
4,000–4,999	2.3	2.4
5,000 and over	3.6	3.9

[1] Money income distribution adjusted crudely on the assumption that the average imputed income from occupancy of owned homes was $180 and the average value of "free" quarters was $360, the same as the modal rent paid by aged couples and nonmarried persons who paid rent.

Source: Derived from unpublished data from a special survey conducted by the Bureau of the Census for the Institute of Industrial Relations, University of California. See text for details of procedure.

least in size—to rented quarters occupied by families in the same income class. There is evidence also that on the average homeowners tend to overvalue their dwellings. A special check on respondents' estimates of the rental value of owned homes was made by qualified residential appraisers in connection with the 1950 Survey of Consumer Finances.[27] Respondents' estimates were within 10 percent of the appraisers' estimates in 37 percent of the cases; 10–30 percent higher in 19 percent of the cases; 10–30 percent lower in 20 percent; more than 30 percent higher in 18 percent; and more than 30 percent lower in 6 percent. The conclusion was drawn that there is a statistically significant tendency for homeowners to set higher values on their homes than do professional appraisers, but the average differential is small—about 4 percent of the value of the home.

The current expenses of homeowners, as defined above, generally average considerably less than the rental value, on the one hand, and somewhat less than the rent paid by tenants at the same money income level, on the other hand. The differences are reduced significantly, however, when the comparison is made more precise by inclusion of fuel, light, and refrigeration expenses, which are consistently larger for owners than for renters.[28] The surveys show the largest differences at low income levels mainly because homeowners with small money incomes are likely to neglect repairs and a smaller proportion make payments on a mortgage. This latter finding reflects at least in part the fact that elderly persons, whose mortgages are most likely to be paid off, are relatively numerous at low income levels. Old-age and survivors insurance beneficiaries (interviewed in special surveys conducted during the 1940's) who owned their homes frequently neglected repairs.

The fact that most homeowners aged 65 and over have a clear title to their homes, of course, holds down the current costs. Neglect of repairs likewise reduces current cash outlays but at the same time results in deterioration of the dwelling and means that the asset value of the owned home is continuously diminished.

On the basis of the general findings summarized and examination of the data from the various studies, it may be estimated that aged homeowners (typically neglecting repairs and having paid off their mortgage) have income in kind attributable to their owned homes equivalent to about half the rental value of their dwellings or two-thirds of the rents paid by the aged who rent their dwellings. In 1951 this income in kind averaged about $20 a month compared with the modal monthly rent of $30 reported in the survey of all the aged in 1951. As with food produced for home consumption, however, the release of funds for other types of spending as a result of home ownership is not likely to equal the full value of income in kind. It is probable that if the homeowners had been renting they would have rented quarters whose cost did not exceed the amount that tenants with similar money incomes were spending for rent. On that basis, the imputed income from occupancy of owned homes would not have exceeded about $10 a month, or about one-third of the modal rent paid by aged tenants in 1951.

The average of these two estimates yields a figure of $180 as the average annual income in kind from home ownership by the aged in 1951. In aggregate terms, the occupancy value of owned homes in 1951 amounted to almost 6 percent of the estimated aggregate money income of the aged. The effect on the income distribution of adding this sum to the money income of all aged homeowners (including those who were still making payments on a mortgage) and of adding an estimate of the value of "free" quarters is shown in table 6.

Goods and Services From Relatives or Employers

In 1951 there were almost 400,000 couples with aged head and more than 2.3 million nonmarried persons aged 65 and over (not in institutions) occupying quarters that they did not own and for which they reported that they paid no rent. They comprised about 10 percent of the aged couples and 38 percent of other aged persons, excluding those in institutions.

Although a few persons with "free" housing were probably employees who received lodging as part of their pay and a few were living alone, with the rent paid by relatives, the great majority were living in the homes of relatives. (Some may have made some payment toward board or other household expenses, but they reported no payment for rent.) For most of those living with relatives, the value of the quarters (the pro rata share of the cost of the dwelling) was probably less than the average rent paid by those reporting rental payments, most of whom occupied separate dwellings.

In the absence of data on which to base an estimate, however, the ex-

[27] Leslie Kish and John B. Lansing, "Response Errors in Estimating the Value of Homes," *Journal of the American Statistical Association*, September 1954, pages 520–538.

[28] Bureau of Labor Statistics, *Housing and Fuel Expenditures of City Families*, Serial No. 1889, May 1947, and "Family Spending for Housing in Three Cities, 1947," *Monthly Labor Review*, October 1949.

Table 7.—*Living arrangements and receipt of money income in 1951 for couples with head aged 65 and over and other persons aged 65 and over*

[Noninstitutional population, continental United States]

Living arrangements and receipt of money income	Percentage distribution		
	Married couples	Non-married men	Non-married women
Total	100	100	100
Living with relatives	31	49	59
Not living with relatives	69	51	41
No money income	100	100	100
Living with relatives	50	70	78
Not living with relatives	50	30	22
With money income	100	100	100
Living with relatives	29	45	49
Not living with relatives	71	55	51

Source: Unpublished data from a special survey conducted by the Bureau of the Census for the Institute of Industrial Relations, University of California.

treme assumption is made that they had income in kind equivalent to the modal rent reported by those who paid rent—that is, $30 a month or $360 a year. In aggregate terms, this amount was slightly larger than the estimated occupancy value of owned homes. Table 6 shows the change in the distribution of the aged by size of income in 1951 if it is assumed that income in kind in that year was equal to $180 for homeowners and $360 for all those reporting "free" rent. On these assumptions, it appears that 58 percent instead of 65 percent would have had incomes of less than $1,000 and that 73 percent instead of 75 percent would have had less than $1,500. At the other end of the income scale, the proportion with $2,500 or more in income would have been 15 percent instead of 14 percent.

Lack of funds was clearly the principal reason for the doubling up, and also for the failure of an aged person to pay rent when a joint household arrangement was preferred. Of the units receiving free rent, 71 percent had money incomes of less than $500 and 89 percent had less than $1,000. Some of these persons were probably public assistance recipients to whom payments were small because relatives provided housing for them.

In addition to those receiving free rent, about 3 percent of the couples and 8 percent of the single persons covered in the special survey of all the aged reported that they did not contribute their share of household expenses, if living with relatives, for food, utilities, and the like, and/or that a relative or friend took over and paid directly bills amounting to $200 or more for such items as food, medical care, insurance, or clothing.

Older persons, as well as young adults, generally prefer independent living arrangements, provided health and income permit.[29] As shown in table 7, the aged are much less likely to live with relatives when they have money income than when they must rely on other resources.[30]

Some older persons with apparently adequate incomes, however, share a home with relatives from choice: for companionship or for reasons of health or because they may support the relatives. On the other hand, by no means all the aged who lack money income or have very small amounts live with relatives. Some, of course, have no relatives, or relatives may prefer to support them in a separate dwelling. A few may live on their assets, although persons with assets sufficient to support them for any length of time normally receive current money income of some consequence from those assets. A number of the aged live in family groups whose combined money incomes may be inadequate. As shown in table 8, 27 percent of the couples living with relatives (8 percent of all aged couples) shared with one or more relatives a money income of less than $2,000 in 1951, and about 24 percent of the nonmarried persons living with relatives (13 percent of all nonmarried persons) shared an income of less than $1,500.

[29] "Size of Income and Personal Characteristics of the Aged," *Social Security Bulletin*, October 1954, page 7.

[30] The differences would be sharper if those who are family heads were excluded from the group designated as living with relatives, but it is difficult to distinguish situations in which a person aged 65 and over is the real head of the family from those where he is so designated as a courtesy even though a younger person has become economic head. Frequently an aged person was listed as family head in the survey even though he reported that he did not contribute his share of household expenses or that bills were paid by others.

Assets

The importance to the aged of dissavings (generally, for the aged, use of assets) derives, as it does for income in kind, largely from the fact that their money income tends to be small. It is sometimes urged that dissavings and also lump-sum insurance settlements or inheritances, or at least that portion of them used for current living, should be treated as income. It is argued that dissavings are equivalent, for self-insurers, to periodic payments by an insurance

Table 8.—*Size of money income in 1951 by living arrangements of couples with head aged 65 and over and of other persons aged 65 and over*

[Noninstitutional population, continental United States]

Money income class	Percentage distribution								
	Married couples			Nonmarried men			Nonmarried women		
	Not living with relatives	Living with relatives		Not living with relatives	Living with relatives		Not living with relatives	Living with relatives	
		Own income	Family income		Own income	Family income		Own income	Family income
All incomes	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than $500	15.2	26.4	5.7	33.2	47.6	4.2	46.0	72.6	7.7
$500–999	20.1	18.1	4.6	35.5	24.0	11.8	34.9	18.3	9.3
1,000–1,499	16.2	13.7	9.1	9.7	11.8	8.5	8.2	3.0	6.6
1,500–1,999	10.4	10.9	7.6	5.8	4.3	8.9	4.8	2.4	7.7
2,000–2,499	8.4	9.3	6.1	4.2	3.1	8.5	2.6	.6	5.4
2,500–2,599	5.3	5.3	8.4	3.1	2.0	7.0	.9	.8	5.8
3,000–4,999	15.9	12.4	27.1	6.2	3.2	23.2	1.3	2.1	31.5
5,000 or more	8.5	3.9	31.3	2.4	4.0	27.8	1.4	.3	26.1

Source: Unpublished data from a special survey conducted by the Bureau of the Census for the Institute o Industrial Relations, University of California.

Table 9.—*Ownership and use of assets*[1] *by couples with head aged 65 and over and other persons aged 65 and over, by money income, 1951*

[Noninstitutional population, continental United States]

Type of unit and money income	Percent reporting ownership of assets[1]			Percent of units with assets reporting savings used[2]		
	No assets	Assets		No savings used	Some savings used	
		Total	$3,000 or more		Total	$500 or more
Married couples	13	87	71	82	18	9
Less than $1,000	20	80	59	74	26	(3)
$1,000–1,999	16	84	69	81	19	(3)
2,000 and over	3	97	84	89	11	(3)
Nonmarried men	34	66	41	79	21	8
Less than $1,000	43	57	31	71	29	(3)
$1,000–1,999	25	75	47	92	8	(3)
2,000 and over	3	97	82	92	8	(3)
Nonmarried women	26	74	42	79	21	10
Less than $1,000	29	71	38	78	22	(3)
$1,000–1,999	8	92	63	83	17	(3)
2,000 and over	2	98	72	87	13	(3)

[1] Money in bank or cash savings, face value of life insurance policies, value of stocks and bonds, and home or other property in which $3,000 or more is invested.

[2] Used savings, cashed bonds, borrowed on life insurance, or sold or mortgaged property to meet expenses.

[3] Data not available.

Source: Unpublished data from a special survey conducted by the Bureau of the Census for the Institute of Industrial Relations, University of California.

company, which are generally treated as income.[31] While this reasoning is correct, if cash received from liquidation of assets by the aged were treated as income, then credit used by young families should also be treated as income. Evidence from all sides indicates that many young families tend to overspend their incomes by substantial amounts. If aged persons could prorate their assets over the remaining years of their lives, it might be justifiable to treat the pro rata share as current resources, but such an allocation is obviously not feasible in practice. Treatment of the full amount of an inheritance or lump-sum insurance settlement as current income in the year in which it was received would grossly exaggerate command over goods and services for the recipient.

Asset holdings are nevertheless of great interest as an indication of the economic resources on which the aged may fall back. Likewise, information on the extent to which the aged do draw on their assets throws some light both on the extent to which their needs exceed their current incomes and on their attitude toward dissavings, as well as on the availability of assets.

Asset Holdings

According to the findings of the survey of all the aged in 1951, almost one-fourth of all aged economic units (couples with aged head and other aged persons, not in institutions) had no assets, defined as money in the bank or cash savings, life insurance, stocks or bonds, or home or other property in which $3,000 or more was invested. Real property in which the equity was less than $3,000 was not counted, with the result that the proportion with assets was understated. The extent of the understatement cannot be estimated, however. Among old-age and survivors insurance beneficiaries surveyed in 1951, 15 percent of the homeowners had an equity in their homes of less than $3,000, and the proportion was probably not very different for all aged homeowners. There is no information on the ownership of liquid assets and life insurance policies by these and other homeowners.

The assets of almost one-fifth of the aged couples reported as having asset holdings (as defined) in the survey of all the aged in 1951 and of about two-fifths of the nonmarried persons with assets were valued at less than $3,000. About two-fifths of the aged with some savings had a life or annuity policy, and the face value of the policy was treated as an asset.[32]

Of the aged economic units with insurance, however, fewer than 1 in 3 reported a policy with a face value exceeding $1,200. Almost all aged units with holdings of $3,000 or more owned their homes.

Ownership of assets was most often reported by couples (87 percent) and least often by nonmarried men (66 percent) (table 9 and chart 3). The lower their money income, the less likely were the aged to have any assets from which they might supplement that income. Almost two-fifths of the couples with assets had money incomes of $2,000 or more, for example, while almost three-fifths of the couples without assets had money incomes of less than $1,000 in 1951.

Although assets were defined differently in the survey of old-age and survivors insurance beneficiaries and in the survey of all the aged in 1951,[33] it is nevertheless of interest that ownership of assets (as defined) was reported with roughly the same frequency by the beneficiaries as by all aged persons not in institutions. A larger proportion with assets might have been expected among aged beneficiaries because all of them had a past record of employment (as wives of earners if not themselves earners). The self-employed (farm and nonfarm), who were not eligible for benefits in 1951 unless they had wage credits as employees, are, however, much more likely than wage and sal-

[31] If income were defined formally as consisting of payments that arise directly as the reward for labor or use of capital, it would be necessary to exclude not only annuities and other periodic payments but also the transfer payments that make up a large portion of the income of the aged. The standard treatment seems a reasonable compromise.

[32] According to surveys of old-age and survivors insurance beneficiaries in Philadelphia and Baltimore (1941) and in St. Louis (1944), the cash-surrender value of life insurance policies was roughly 50 percent of face value for male retired worker beneficiaries and about 40 percent for female retired worker beneficiaries.

[33] See footnotes to tables 9 and 10 for definitions. For detailed data on the assets of beneficiaries, see Margaret L. Stecker, "Old-Age and Survivors Insurance Beneficiaries: Assets and Liabilities at End of 1951," *Social Security Bulletin*, August 1953.

Table 10.—*Assets*[1] *of couples with head aged 65 and over and other persons aged 65 and over receiving old-age and survivors insurance benefits,*[2] *by type and amount of assets, 1951*

[Continental United States]

Type and amount of assets	Married couples	Nonmarried men	Nonmarried women: Total	Nonmarried women: Widows
	Percentage distribution			
Total	100.0	100.0	100.0	100.0
No assets	15.1	40.8	29.3	25.7
Assets, total	84.9	59.2	70.8	74.4
Nonliquid only	17.3	8.8	11.2	13.0
Nonliquid and liquid	51.6	21.6	28.2	33.7
Liquid only	16.0	28.8	31.4	27.7
Liquid, total	67.6	50.4	59.6	61.4
$1–499	17.9	16.4	18.1	16.9
500–999	9.1	6.7	8.7	8.9
1,000–1,999	10.8	7.8	8.6	8.7
2,000–2,999	6.3	4.5	6.1	6.8
3,000–3,999	4.3	3.1	3.7	3.8
4,000–4,999	3.2	2.2	2.6	2.7
5,000–9,999	8.3	5.0	6.5	7.0
10,000 and over	7.8	4.9	5.3	6.6
	Median value			
Liquid assets:				
All units	$492	$12	$265	$337
Units with liquid assets	1,629	1,269	1,347	1,563
Net worth:[3]				
All units	5,889	204	1,598	2,746
Units with assets in excess of liabilities	7,652	3,229	4,701	5,972

[1] Nonliquid assets represent the net value of an owned home, other real estate, and an owned business, and the value of livestock, patents, and copyrights. Liquid assets represent cash, bank deposits, all types of stocks and bonds, and loans to others. Life insurance is not included as an asset. Ninety-one percent of all beneficiary groups with nonliquid assets owned their homes.

[2] See table 2, footnote 1, for description of beneficiaries covered.

[3] Represents the difference between the value of assets and the value of liabilities. The latter represent balances owed on installment purchases, bills due, and borrowings on life insurance and securities and unsecured borrowings. The number of units with assets in excess of liabilities was only fractionally smaller than the number with assets.

Source: Bureau of Old-Age and Survivors Insurance, *More Selected Findings of Old-Age and Survivors Insurance Beneficiaries, 1951*, January 1954, tables A-300 and A-302.

ary workers to have fixed assets and somewhat more likely to have liquid assets.[34]

The net worth of the beneficiaries consisted of two clearly defined types of assets—liquid and nonliquid. By far the most important nonliquid asset was an owned home; 91 percent of all beneficiaries with nonliquid assets were homeowners. Some beneficiaries had nonliquid assets in the form of other real estate or an owned business. The median net worth, defined as total assets in excess of liabilities, was substantial for couples and aged widows, as shown in table 10, but most of the nonmarried old-age beneficiaries reported a relatively low net worth. The situation of the aged with respect to asset holdings would appear far less favorable if net worth were computed exclusive of the value of the equity in owned homes. The argument in support of this approach is that owned homes are important to the aged primarily because of occupancy value, that they are likely to be depreciating steadily because of failure to make repairs, and that they are seldom converted into cash because the aged generally hold them even when they become unsuitable as dwellings for aged persons.

Half the couples headed by an old-age beneficiary had no liquid assets or liquid assets worth less than $500, and considerably more than half the nonmarried beneficiaries were in that situation. Some liquid assets, however, were reported by two-thirds of the married men beneficiaries, about three-fifths of the nonmarried women, and half the nonmarried men. For those with liquid assets, the median value varied from less than $1,300 for nonmarried men to more than $1,600 for couples. A not insignificant group had sizable holdings.

It might be expected that the relative number of aged persons with some liquid assets would have increased in recent years because of the steady rise in the proportion of the aged with income from employment or social insurance. Information collected in the Surveys of Consumer Finances for the Federal Reserve Board does not support this hypothesis, however. As shown in table 11, the proportion of spending units[35] with head aged 65 and over who had no liquid assets (excluding currency) or less than $500 worth was approximately the same in early 1954 as in early 1948 and 1949. Actually, there has been a deterioration, since consumer prices were about 14 percent higher in early 1954 than in the spring of 1948 and 1949. Any generalization is limited, however, by the fact that expansion of old-age and survivors insurance has permitted an increasing number of aged persons to live alone. Furthermore, more of those living with relatives would be classified as separate spending units because of their benefits. Consequently, the number of spending units with aged head has probably increased more rapidly than the aged population. Those who would earlier have lived with relatives because of lack of resources would be least likely

Table 11.—*Size of liquid asset holdings of spending units with head aged 65 and over, 1948–49 and 1952–54*[1]

[Population in private households, continental United States]

Liquid assets	1954	1953	1952	1949	1948
	Percentage distribution				
Total	100	100	100	100	100
Zero	32	31	32	32	33
$1–199	8	9	6		
200–499	10	7	7	18	17
500–999	9	8	7		
1,000–1,999	10	11	11	20	23
2,000–4,999	18	14	18	15	13
5,000–9,999	7				
10,000–24,999	4	20	20	15	14
25,000 and over	2				

[1] Data relate to the early part of each year. For definition of spending units, see text footnote 35. Liquid assets are defined to include all types of U. S. Government bonds, checking accounts, savings accounts in banks, postal savings, and shares in savings and loan associations and credit unions; currency is excluded.

Source: 1952–54: Unpublished data from Surveys of Consumer Finances, Federal Reserve Board; 1948–49: Janet A. Fisher, "Postwar Changes in Income and Savings Among Consumers in Different Age Groups," *Econometrica*, Jan. 1952, table V, p. 59.

[34] For analysis of net worth and of liquid asset holdings by occupation, see reports on the 1953 Survey of Consumer Finances in the *Federal Reserve Bulletin*, June and September 1953.

[35] The spending unit is defined to include all persons living in the same dwelling and related by blood, marriage, or adoption, who pool their incomes for major expenses, and also persons living alone. A husband and wife are always treated as one spending unit. Relatives whose incomes amount to more than $15 a week ($10 before 1953) and who do not pool their incomes are treated as separate (related secondary) spending units. Pooling is defined as the contribution of more than half the income to the family and is not influenced by the receipt of free room and board. Unrelated persons in the dwelling are designated secondary spending units. Persons living, for example, in large rooming houses, hotels, or YWCA's, are excluded from the survey.

to have liquid asset holdings of much value.

It should also be noted that the data presented cannot be taken as representative of the liquid asset holdings of all aged couples and nonmarried persons in private households at any one date. Some persons aged 65 and over (generally those with small resources) are classified as members of spending units with younger heads, and the assets of some spending units with aged head include assets of younger members.

Dissavings

Though asset ownership is closely correlated with size of money income for the aged, as for all groups in the population, the lower the income the greater the likelihood that aged persons with savings will use them to supplement income (table 9 and chart 3). If data were available from the survey on the number of aged couples and other aged persons with savings other than an owned home, the proportions would unquestionably be much higher than shown in the table, particularly at the low income levels. Among beneficiary couples surveyed in 1951, for example, the number reporting use of assets was about the same as the number reporting money income from assets when total money income was under $900, about half as large for those with money incomes of $1,200–$1,800, and less than one-third as large for those with $2,100 or more.

For about 6 percent of all couples with aged head and other aged persons (not in institutions) and 8 percent of those with money incomes of less than $1,000, dissavings exceeded money income from any one source in 1951. In a preliminary summary of the findings of the survey of all the aged in 1951, it was reported that, although "dissaving in the aggregate amounted to over a billion dollars, it appears to have made a relatively small impact upon total money receipts except in the small percentage of cases in which it was the principal source."[36]

[36] Peter O. Steiner, "The Size, Nature and Adequacy of the Resources of the Aged," *American Economic Review*, May 1954, page 658.

Table 12.—*Percent of couples with head aged 65 and over and of other persons aged 65 and over with money income and money receipts*[1] *of specified amount in 1951, by living arrangements*

[Noninstitutional population, continental United States]

Income and receipt levels	All units	Married couples	Nonmarried men	Nonmarried women
	Total			
Less than $1,000:				
Money income	65.1	38.1	70.2	86.9
Money receipts	60.8	34.2	65.4	83.2
$3,000 and over:				
Money income	10.9	22.0	7.9	2.5
Money receipts	11.7	22.7	8.5	3.1
	Living alone			
Less than $1,000:				
Money income	55.9	35.3	68.7	80.9
Money receipts	50.6	30.8	63.7	75.8
$3,000 and over:				
Money income	14.5	24.4	8.6	2.7
Money receipts	15.9	25.4	10.0	3.3
	Living with relatives			
Less than $1,000:				
Money income	75.4	44.5	71.6	90.9
Money receipts	72.0	41.7	67.0	87.7
$3,000 and over:				
Money income	6.9	16.3	7.2	2.4
Money receipts	7.2	16.3	7.8	2.9

[1] Defined as money income plus dissavings and the portion of lump-sum insurance payments or inheritances used for current living.

Source: Unpublished data from a special survey conducted by the Bureau of the Census for the Institute of Industrial Relations, University of California.

Since low-income families tend to have smaller asset holdings than high-income families, it may be inferred that those at low income levels who draw heavily on assets will quickly exhaust them.[37] It was found, for example, that although three-fifths of all the aged beneficiaries surveyed in 1951 had some assets, only a small proportion of those with small retirement income had enough liquid assets, if used up at a constant rate over a 10-year period, to bring their annual retirement funds (under 1951 benefit provisions) to $900 and $1,500, respectively, for nonmarried beneficiaries and for couples.[38]

[37] Information on the size distribution of the estates left by decedents aged 65 and over would be a useful supplement to data now available on asset holdings by age groups, as an indicator of the extent to which savings are used up by persons in retirement, but efforts to assemble meaningful data have so far been ineffective because of a variety of problems. See Dwight D. Yntema, "Review of the 'Composition of Estates Survey,'" and Horst Menderhausen and Raymond W. Goldsmith, "Measuring Estate Tax Wealth," *Studies of Income and Wealth*, Vol. 14, National Bureau of Economic Research, 1952.

When the aged are classified by money receipts (defined as money income plus dissavings and the portion of lump-sum insurance settlements and inheritances used for current living), the proportion with less than $1,000 is somewhat smaller and the proportion with $3,000 or more is slightly larger than when they are classified by money income (table 12). The differences are somewhat greater for those living alone than for those living with relatives. It appears, however, that the addition of dissavings and nonincome money receipts to money income would not alter any generalization based on current money income concerning the concentration of the aged at the bottom of the income scale.

Summary

The rapidly growing importance of social insurance as a form of income maintenance for aged persons needs no further emphasis. At the end of 1954 about 6.6 million persons, or almost half of all persons aged 65 and over, were receiving some income from social insurance or related public retirement or pension programs. Such benefits were the primary source of income for a large majority of the beneficiaries. In the aggregate, payments under the old-age and survivors insurance, railroad retirement, public employees' retirement, and veterans' compensation and pension programs were at an annual rate of about $4.8 billion, almost one-fourth of the estimated annual money income of all persons aged 65 and over at the end of 1954.

Earnings have continued to be the major source of money income for most aged persons who are still employed—some 3 million at the end of 1954—and about 900,000 wives of

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[38] Edna C. Wentworth, "Economic Situation of Aged Insurance Beneficiaries," *Social Security Bulletin*, April 1954, pp. 21–22.

Table 14.—*Amount of vendor payments for medical care for recipients of public assistance, by program and State, March 1955* [1]

State	Old-age assistance	Aid to dependent children	Aid to the blind	Aid to the permanently and totally disabled	General assistance [2]
Total	$9,317,301	$1,739,960	$253,348	$1,688,406	[3] $5,828,000
Alabama	*1,252*	*1,196*	-----	*580*	98
Alaska	-----	-----	-----	(4)	17,621
California	-----	-----	-----	(4)	73,477
Colorado	-----	-----	*116*	-----	(5)
Connecticut	218,049	85,323	2,528	31,500	(5)
Delaware	-----	-----	-----	-----	13
District of Columbia	*211*	*86*	*36*	*205*	54
Hawaii	19,591	6,378	1,044	15,732	(5)
Illinois	1,926,759	229,854	54,113	242,515	534,191
Indiana	393,653	69,917	21,276	(4)	199,879
Iowa	-----	-----	-----	(4)	211,786
Kansas	*205,216*	*39,064*	*3,734*	*30,011*	47,326
Louisiana	*81*	4,395	320	1,752	1,388
Maine	-----	-----	-----	(4)	55,527
Massachusetts	1,942,054	158,604	*872*	453,053	151,117
Michigan	136,166	-----	1,705	22,478	102,932
Minnesota	1,195,369	107,992	30,826	4,031	249,905
Montana	-----	-----	-----	-----	162,488
Nebraska	-----	-----	-----	(4)	166,892
Nevada	6,262	-----	-----	(4)	64,728
New Hampshire	76,356	14,404	2,493	4,420	(5)
New Jersey	-----	*16,213*	*50*	-----	187,068
New Mexico	33,759	38,880	2,185	3,075	4,569
New York	2,097,798	678,529	85,148	766,311	(5)
North Carolina	18,489	13,719	-----	6,436	185,721
North Dakota	100,910	10,415	307	13,330	22,848
Ohio	269,390	*17,557*	*6,111*	-----	981,362
Oregon	-----	-----	-----	-----	171,171
Pennsylvania	*148,945*	*122,660*	*27,443*	*45,946*	95,860
Rhode Island	53,525	23,905	1,386	16,499	44,026
South Carolina	-----	-----	-----	-----	13,145
South Dakota	-----	-----	-----	-----	82,549
Utah	*782*	*704*	*7*	*247*	310
Virgin Islands	226	80	13	80	105
Virginia	-----	-----	-----	-----	6,927
Wisconsin	*472,458*	*100,085*	*11,635*	*30,205*	188,829
Wyoming	-----	-----	-----	-----	38,531

[1] For the special types of public assistance, figures in italics represent payments made without Federal participation. States not shown made no vendor payments during the month or did not report such payments.

[2] In all States except California, Illinois, Kansas, Louisiana, Massachusetts, Nevada, New Jersey, Pennsylvania, Utah, and the Virgin Islands includes payments made on behalf of recipients of the special types of public assistance.

[2] Includes an estimated amount for States making vendor payments for medical care from general assistance funds and from special medical funds and reporting these data semiannually but not on a monthly basis.

[4] No program for aid to the permanently and totally disabled.

[5] Data not available.

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earners. Moreover, despite the declining proportion of the aged population in the labor force, earnings are still the largest single component of aggregate money income payments to aged persons, probably more than 40 percent at the end of 1954.

Private employer or union pensions have been going to an increasing number of aged persons—some 950,000, including wives, or 7 percent of the aged, at the end of 1954. Payments in force under such plans at that date are estimated at about half a billion dollars, or 2–3 percent of the estimated aggregate money income of all aged persons. Some income in the form of interest, dividends, net rents from rental property, and payments under individual annuities or supplementary insurance contracts is received by one-fifth to one-third of the persons aged 65 and over. Returns on investments were the primary source of cash income for perhaps as many as 1 million aged persons—a considerable proportion of them aged widows—at the end of 1954. They may have constituted more than 20 percent of the estimated aggregate income of the aged at that date.

Public assistance continues as the backstop for aged persons unable to work, ineligible for social insurance or related benefits on the basis of previous employment, or with earnings or private resources insufficient to meet their needs. The number of old-age assistance recipients has declined steadily since 1950 in relation to the aged population, but old-age assistance was still the principal support of more than 2 million aged persons at the end of 1954, and another half million were receiving old-age assistance to supplement old-age and survivors insurance benefits that did not meet their needs. At that time public assistance payments to the aged were at an annual rate of $1.6 billion and probably accounted for barely 8 percent of the estimated aggregate money income received by the aged.

Cash contributions from relatives and friends not living with an aged person are important for a small number but rather negligible in the aggregate. On the other hand, many persons aged 65 and over, particularly widows and widowers, rely heavily on children and other relatives with whom they live to provide food and shelter free or in return for a token payment. In 1951 more than 5 million aged persons, counting both husbands and wives, were sharing a home with children or other relatives. Probably half or more of them had little or no money income in their own right, although some were the chief support of the household.

Table 15.—*Average payments including vendor payments for medical care, average amount of money payments, and average amount of vendor payments for assistance cases, by program and State, March 1955* [1]

State	Old-age assistance			Aid to dependent children (per family)			Aid to the blind			Aid to the permanently and totally disabled		
	All assistance [2]	Money payments to recipients [3]	Vendor payments for medical care [2]	All assistance [2]	Money payments to recipients [3]	Vendor payments for medical care [2]	All assistance [2]	Money payments to recipients [3]	Vendor payments for medical care [2]	All assistance [2]	Money payments to recipients [3]	Vendor payments for medical care [2]
Total, 53 States [4]	$51.85	$48.45	$3.65	$86.63	$83.92	$2.79	$56.74	$54.46	$2.46	$55.03	$48.26	$7.34
Alabama	30.50	30.48	*.02*	43.30	43.23	*.07*				35.57	35.51	*.06*
Colorado							66.48	66.12	*.36*			
Connecticut	82.49	69.49	13.00	136.40	119.40	17.00	88.85	80.85	8.00	103.52	85.52	18.00
District of Columbia	53.32	53.25	*.07*	107.08	107.04	*.04*	59.35	59.21	*.14*	60.29	60.20	*.09*
Hawaii	47.54	36.73	10.81	91.64	89.72	1.93	56.46	47.61	8.85	62.02	50.15	11.87
Illinois	59.96	41.48	19.93	132.20	121.12	11.09	65.15	50.72	15.17	80.72	41.83	40.45
Indiana	47.67	37.71	10.58	90.10	82.24	7.99	60.86	49.47	11.95	(5)	(5)	(5)
Kansas	65.23	59.61	*5.97*	112.12	104.22	*8.75*	72.72	67.31	*5.95*	68.73	60.07	*9.00*
Louisiana	50.86	50.86	(6)	65.02	64.77	.24	49.49	49.33	.16	42.47	42.33	.14
Massachusetts	77.11	56.07	21.54	129.28	117.37	12.17	93.46	93.02	*.49*	99.10	56.40	45.74
Michigan	55.07	54.40	1.80				63.09	62.74	.94	71.70	70.42	10.20
Minnesota	66.59	44.20	23.06	122.18	108.66	13.74	79.20	55.52	24.84	60.67	54.33	6.43
Nevada	57.41	55.80	2.36							(5)	(5)	(5)
New Hampshire	56.45	44.61	12.00	130.01	116.51	13.50	63.37	54.37	9.00	72.62	53.10	20.00
New Jersey				116.64	113.87	*2.77*	68.79	68.97	*.06*			
New Mexico	46.37	43.58	2.78	77.61	71.96	5.65	47.76	42.66	5.09	40.46	38.78	1.68
New York	78.38	61.28	20.27	137.97	126.54	12.51	88.46	72.43	19.37	84.03	67.70	18.97
North Carolina	31.35	30.99	.36	61.98	61.29	.69				37.26	36.66	.60
North Dakota	63.05	51.33	12.17	114.25	107.62	6.84	56.81	54.14	2.67	70.05	55.22	15.61
Ohio	58.36	55.72	2.63	91.54	90.40	*1.15*	56.19	54.54	*1.64*			
Pennsylvania	46.03	43.46	*2.58*	105.59	101.60	*4.00*	51.15	49.47	*1.68*	53.98	50.42	*3.56*
Rhode Island	58.38	53.60	6.49	110.87	103.87	7.00	72.33	66.34	7.88	74.06	65.93	11.61
Utah	59.58	59.50	*.08*	112.92	112.70	*.22*	66.93	66.90	*.03*	64.29	64.15	*.14*
Virgin Islands	14.12	13.83	.33	24.71	24.41	.43	(7)	(7)	(7)	15.43	14.59	.84
Wisconsin	62.89	52.09	*10.88*	138.28	126.36	*12.01*	69.00	59.04	*10.06*	92.31	65.82	*26.61*

[1] Averages for general assistance not computed because of difference among States in policy or practice regarding use of general assistance funds to pay medical bills for recipients of the special types of public assistance. Figures in italics represent payments made without Federal participation. States not shown made no vendor payments during the month or did not report such payments.

[2] Averages based on cases receiving money payments, vendor payments for medical care, or both.

[3] Averages based on number of cases receiving payments. See tables 16–19 for average money payments for States not making vendor payments.

[4] For aid to the permanently and totally disabled represents data for the 42 States with programs in operation.

[5] No program for aid to the permanently and totally disabled.

[6] Less than 1 cent.

[7] Average payment not computed on base of less than 50 recipients.

By the end of 1954, the proportion of aged persons living with relatives had undoubtedly declined as social insurance and related benefit payments made it possible for more old persons to live independently, but it is not feasible to estimate the change in the number.

In 1951 there were more than 5 million homes owned by persons aged 65 and over, more than 80 percent of them free of mortgage, and a total of about 6.8 million aged persons (including wives) living in owned homes. The number has probably increased since then in proportion to the increase in the total number of aged persons. Current housing costs in cash are generally much lower for aged owners than for aged tenants with similar money incomes, but this difference is due in part to the fact that older persons characteristically neglect repairs and so allow their property to depreciate.

Income in kind from home ownership, plus the value of quarters that some 3 million aged persons occupied free (assumed equal to the modal rent paid, although most of them lived with relatives), plus the gross value at retail prices of food produced for home consumption by about 4.7 million aged persons living outside urban areas, is estimated to have totaled some $2.5 billion in 1951. If income were defined to include this amount, it would be equivalent to adding about 15 percent to the estimated aggregate money income of the aged in that year. By the end of 1954 their aggregate income in kind was probably no larger than in 1951, if as large, because of the smaller proportion of the aged living with relatives, the slight decline in the proportion living in rural areas, and somewhat lower farm food prices. In relation to the estimated aggregate money income payments to the aged, income in kind from housing and home production of food was doubtless less important at the end of 1954 than in 1951.

Perhaps two-thirds of all persons aged 65 and over have some liquid assets, but in 1951 about one-sixth had liquid asset holdings of less than $500, and no more than one-eighth to one-sixth had holdings of $5,000 or more. Nonliquid asset holdings other than a home are relatively uncommon. The large asset holders generally have adequate current money incomes. The lower their income the less likely the aged are to have assets of any consequence. The lower the income of those with assets the more likely the assets are to be used for current living. In 1951 dissavings are estimated to have aggregated more than $1 billion, but they were the primary source of cash funds for only about 6 percent of the aged in the population.