Assets Held by Aged Beneficiaries of Old-Age and Survivors Insurance at End of 1951

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THE national survey of the resources of aged beneficiaries made by the Bureau of Old-Age and Survivors Insurance in 1951 included a study of their assets.[1] At the end of that year, it was found, three-fourths of the aged beneficiaries included in the survey owned assets. Three-fifths held liquid assets, and half had nonliquid assets. Almost two-fifths reported both liquid and nonliquid assets.

The present article analyzes the type of asset held by beneficiaries of different net worth. It is based on the reports of approximately 18,000 retired-worker and aged-widow beneficiaries, who were interviewed in their homes at the end of 1951 by employees of the Bureau. Ninety percent of these beneficiaries received benefits throughout the survey year[2]; the remaining 10 percent had their insurance benefits suspended 1 or more months of the year. Some of the findings on the net worth and liquid assets of the 90 percent whose benefits were in current-payment status throughout the year were presented in the BULLETIN for August 1953.

The net worth of beneficiaries who had some benefit suspensions during the survey year and the value of their liquid assets were slightly larger than the net worth and liquid asset holdings of beneficiaries in current-payment status throughout the year. The net-worth pattern of the entire sample, however, is practically the same as that of the 90 percent who were in current-payment status throughout the year.

Net Worth

A beneficiary's net worth is the difference between the value of his assets and the amount of his liabilities. The assets taken into consideration include money at home (other than amounts held for current operating expenses); deposits in checking accounts, savings accounts in banks, postal savings, and shares in savings and loan associations and credit unions; Government bonds; corporate stocks and bonds; loans to others; equity in real estate (including farms); interest in an unincorporated business; and patents and copyrights. Net worth in this analysis does not include the cash-surrender value of life insurance or the market value of automobiles; nor does it include the value of personal property such as furniture, household appliances, clothing, and jewelry. If values for these items had been included in the assets, the net worth of many beneficiaries would have been a little higher.

Liabilities taken into consideration are balances owed on installment pur-

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[1] For a description of the survey and of the characteristics of the beneficiaries, as well as some other findings of the study, see the *Bulletin* for August 1952, June and August 1953, April and August 1954, and May and July 1955.

[2] The survey year was a period of 12 consecutive calendar months ended in October, November, or December 1951 or January 1952, depending on the date of the interview.

Benefits could have been suspended during the survey year for receipt of wages of more than $50 in covered employment in a calendar month or of net earnings from self-employment of more than $600 in a calendar month, or as a penalty for violation of certain provisions of the Social Security Act. Under the 1954 amendments, both wage earners and the self-employed beneficiaries may earn $1,200 without losing their benefits. The retirement-test provisions did not apply to beneficiaries aged 75 and over during the survey year; beginning in 1955, they are not applicable to beneficiaries aged 72 and over.

All the data relate to the assets and net worth of the beneficiary group at the end of the survey year; the group may consist of a man or woman and spouse, if married, or an aged widow.

Table 1.—*Percentage distribution of beneficiary groups, by amount of net worth[1] at end of survey year*

Net worth	Total	Married couples	Single individuals: Retired men	Single individuals: Retired women	Single individuals: Aged widows
Number [2]	17,661	8,104	4,769	2,235	2,553
Total percent	100.0	100.0	100.0	100.0	100.0
Negative	4.0	4.3	4.8	4.2	1.7
Zero [3]	22.8	12.2	36.8	29.7	24.5
Positive	73.2	83.5	58.5	66.1	73.8
Less than $500	9.0	5.4	12.5	12.9	10.1
500–999	4.6	3.7	5.5	5.9	4.7
1,000–1,999	5.9	5.7	6.3	6.8	5.2
2,000–2,999	4.8	5.1	4.0	5.3	5.2
3,000–3,999	4.6	4.9	4.0	5.0	4.0
4,000–4,999	4.2	5.0	3.2	3.9	4.2
5,000–9,999	17.8	22.9	10.7	14.0	18.4
10,000–24,999	17.2	23.7	9.4	10.4	16.8
25,000–49,999	3.5	4.9	1.8	1.7	3.7
50,000 or more	1.6	2.3	1.0	.4	1.6
Median net worth:					
All beneficiary groups	*$2,767*	*$5,830*	*$339*	*$771*	*$2,746*
All beneficiary groups with positive net worth	*5,981*	*7,624*	*3,229*	*3,450*	*5,972*

[1] Represents the difference between the value of selected assets and total reported debt. Assets represent money at home (except amounts held for current operating expenses), bank deposits, all types of stocks and bonds, loans to others, equity in an owner-occupied home and other real estate, full or part interest in a nonfarm unincorporated business or privately held corporation, and the market value of a professional practice, patents, and copyrights. Liabilities represent balances owed on installment purchases; bills past due on open accounts and for rent, taxes, interest on mortgages, and medical care; and borrowings on life insurance and securities and unsecured borrowings.

[2] Numbers and percentages in this table may differ slightly from those in other tables because the number reporting on different items varies.

[3] Includes a few beneficiary groups whose assets and liabilities balanced.

chases and bills past due on open accounts; back rent, taxes, and interest on mortgages; medical bills; and unsecured borrowings and borrowings on life insurance and securities.[3]

Nearly three-fourths of the 18,000 beneficiaries had a positive net worth; 4 percent had a negative net worth; and more than a fifth had neither assets nor liabilities or had assets and liabilities that balanced. Half the beneficiaries had a positive net worth of more than $2,767; about a fifth were worth $10,000 or more (table 1). The married couples, on the whole, had a considerably higher net worth than the single aged beneficiaries; among the single beneficiaries, the aged widows were better off than the single men and women retired-worker beneficiaries. When all beneficiaries are considered together, therefore, the low net-worth intervals include relatively large proportions of single men and women retired-worker beneficiaries, and the higher net-worth intervals have a heavier concentration of married couples (table 2). This fact explains to some extent the relationship between net worth and type of assets held.

Types of Assets Held

As net worth increased, an increasing proportion of beneficiaries owned each of the different kinds of assets.

Table 2.—*Percentage distribution of beneficiary groups within each net-worth [1] interval at end of survey year, by type of beneficiary group*

Type of beneficiary group	Total	Negative net worth	Zero net worth [2]	Positive net worth						
				Total	Less than $1,000	$1,000–2,999	$3,000–4,999	$5,000–9,999	$10,000–24,999	$25,000 or more
Number [3]	17,591	711	3,995	12,885	2,372	1,890	1,554	3,147	3,025	897
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Married couples	45.9	48.7	24.4	52.3	30.7	45.9	51.7	59.0	63.4	64.7
Single individuals:										
Retired men workers	27.0	31.9	43.6	21.5	35.9	25.9	22.1	16.1	14.8	15.1
Retired women workers	12.7	13.3	16.5	11.4	17.6	14.2	12.8	10.0	7.7	5.1
Aged widows	14.4	6.0	15.5	14.6	15.8	13.9	13.4	15.0	14.1	15.1

[1] See footnote 1, table 1.
[2] Includes a few beneficiary groups whose assets and liabilities balanced.
[3] Numbers and percentages in this table may differ slightly from those in other tables because the number reporting on different items varies.

The relationship between net-worth level and the proportion of beneficiaries owning a particular asset, however, varied with each type of asset.

Liquid Assets

The ready availability of an asset for use in supplementing a beneficiary's income or in meeting major or emergency needs is largely determined by the nature of the asset. Disposing of stocks and bonds and collecting on loans made to others is relatively easy, compared with the sale of real estate or an owned business. For that reason, corporate stocks and bonds and loans to others have been included with cash, bank deposits, and Government bonds in the analysis of liquid assets of old-age and survivors insurance beneficiaries, although it is recognized that the market price of such bonds fluctuates considerably.

A good majority (three-fifths) of the beneficiaries, including a few with liabilities that exceeded or balanced assets, had liquid assets of one kind or another (table 3). More than half reported one or more of the kinds of assets included in the category of "cash." For purposes of this analysis the following kinds of assets have been classified as cash: currency at home (excluding amounts on hand for current expenses), savings and checking accounts, postal savings, and deposits or shares in savings and loan associations and credit unions. At the two highest net-worth intervals ($10,000–$24,999 and $25,000 or more) 85 percent and 92 percent, respectively, had cash assets. That it was not closer to 100 percent at these intervals raises some question of the completeness of these respondents' reports. In some instances, however, records were referred to, and the interviewers were convinced that the only cash the beneficiary had was what he had on hand to meet current expenses.

More than a fourth of the beneficiary groups owned Government bonds, usually the Series E savings bonds. Even among the groups with $1–$999 in net worth, a fourth were bond owners; the proportion increased to two-thirds for the beneficiary groups worth $25,000 or more.

Types of assets much less frequently reported include corporate stocks (common and preferred) and bonds. About 1 in 10 of all beneficiary groups owned some stocks or bonds. The proportion was low, 2–9 percent, in the net-worth interval below $10,000. Even among the 3,000 beneficiaries worth $10,000–$24,999, not more than a fifth were stock and bond owners. Three-fifths of the wealthiest group, however, reported that they held corporate stocks and bonds.

Relatively few beneficiaries had made loans to others. Included in the category of loans are investments in mortgages on real estate, amounts owed beneficiaries for services or home produce sold, and loans made by beneficiaries to relatives or other persons. Less than 5 percent of all beneficiary groups and not more than a fifth of the wealthiest beneficiaries reported assets in the form of loans.

[3] The amount of the mortgages on real estate has not been included with liabilities but has been taken into consideration in computing the equity in homes and other real estate. The difference between the Federal Reserve Board studies of consumer finances and the Bureau of Old-Age and Survivors Insurance studies of resources of insurance beneficiaries in the assets taken into consideration in computing net worth is a minor one and probably affects but little the comparability of the data for the population aged 65 and over. The Federal Reserve Board includes as an asset the market value of automobiles and excludes all currency at home. The Bureau of Old-Age and Survivors Insurance excludes the market value of automobiles and includes currency held at home other than that kept on hand for current expenses.

The Federal Reserve Board defines as liquid assets only the following—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 and corporate stocks and bonds are excluded. See the *Federal Reserve Bulletin*, June 1955, page 611.

Nonliquid Assets

Homes owned by the beneficiaries made up a large part of their net worth and, next to cash, were the most frequently reported type of asset. Almost half (46 percent) of all the beneficiary groups owned their homes. Unless beneficiaries mortgaged or sold their homes—and few did so—their investments in their homes provided no means of meeting current or emergency expenses. Homeownership provides, however, a more flexible means of meeting housing costs than renting, particularly if the home is owned clear of mortgage. Every month rent must be paid. Taxes and insurance, and occasionally special assessments, must also be paid when due, but these items are generally less than the amount beneficiaries have to pay if they rent their living quarters. If the house is not to deteriorate in value it must be kept in repair, but if money is not at hand, repairs can wait. Many beneficiaries postponed from one year to the next the needed repairs. Failure to make necessary repairs reduces net worth, but because it is difficult to estimate such reductions, they were not taken into consideration in computing the amount of assets used to meet current living expenses during the survey year.

The proportion owning homes rose sharply from one-tenth in the net-worth interval of less than $1,000 to two-fifths in the $1,000–$2,999 interval, two-thirds in the $3,000–$4,999 interval, and to more than four-fifths in the net-worth intervals above $5,000.

Other kinds of nonliquid assets were seldom owned except by the wealthiest group. In all, about 12 percent of the beneficiary groups reported an equity in real estate other than their homes; 2 percent had investments in an unincorporated business or in a professional practice, such as that of a physician, dentist, or lawyer; and 1 percent had an interest in patents, copyrights, or an unincorporated business in which the beneficiary no longer worked. These nonliquid assets other than a home were a part of the holdings of about half the wealthiest beneficiary groups.

Liquid and Nonliquid Assets

Of every 100 beneficiary groups holding some assets, 99 had a positive net worth; 1 in every 100 had some assets but had debts that equaled or exceeded in value that of the assets (table 4). Most of the beneficiaries in the latter group had only a small amount of cash, usually less than $500. Almost none of the beneficiary groups who owned homes or other real estate or had their own business had liabilities that exceeded the value of their assets.

Beneficiaries with a low positive net worth usually held only liquid assets. For example, four-fifths of the beneficiary groups worth $1–$999 and half of those worth $1,000–$2,999 had liquid assets only. The proportion holding only liquid assets decreased markedly as net worth increased. Only 1 in 10 of those worth $5,000 or more had all their capital in the form of liquid assets; at least two-thirds of this 10 percent were single beneficiaries. Usually the relatively wealthy beneficiaries with only liquid assets had large investments in corporate stocks and bonds.

Holdings valued at $5,000 or more were more likely than not to include both nonliquid assets, particularly a home, and liquid assets. Sixty percent of the beneficiaries worth between $5,000 and $10,000, and up to 80 percent of those worth $10,000 or more, owned a home and had cash or other liquid assets. A considerable number—roughly a fourth—of those worth $1,000–$9,999 had an equity in a home but no cash or other assets of any kind. More than three-fifths of these beneficiary groups were married couples.

The value of liquid assets mounted as net worth rose, not only for those groups who had only liquid assets, but also for many of those who were homeowners and for those who were not homeowners but had other real estate or an interest in an unincorporated business. Two-thirds of the homeowners whose total net worth was less than $3,000 had no liquid assets; for those homeowners worth $3,000–$9,999, the median amount of liquid assets was less than $500; for those worth $10,000–$24,999, it was between $2,000 and $3,000; and for those worth $25,000 or more, the median was $10,000 or more.

Homeownership

The homes that the beneficiaries of old-age and survivors insurance in the 1951 survey reported owning ranged

Table 3.—*Percentage distribution of beneficiary groups within each net-worth*[1] *interval at end of survey year, by type of liquid and nonliquid assets owned*

Type of liquid and nonliquid assets	Total	Negative net worth	Zero net worth [2]	Positive net worth						
				Total	Less than $1,000	$1,000–2,999	$3,000–4,999	$5,000–9,999	$10,000–24,999	$25,000 or more
Number [3]	17,591	711	3,995	12,885	2,372	1,890	1,554	3,147	3,025	897
Percent with:										
Liquid assets, total [4]	60.9	16.5	.2	82.2	88.1	72.9	68.8	76.4	91.5	97.8
Cash and bank deposits	55.4	15.0	.2	74.6	76.1	66.9	62.4	69.4	84.7	92.4
Government bonds	26.9	2.1	--------	36.6	23.2	27.0	28.1	34.3	51.2	65.2
Stocks and other bonds	9.8	.7	--------	13.4	2.3	6.2	7.0	9.0	20.4	60.8
Loans to others	4.6	--------	--------	6.2	2.0	3.2	4.6	5.0	9.2	20.7
Nonliquid assets, total [4]	50.4	3.9	.1	68.6	18.5	48.9	72.6	87.0	92.1	90.9
Owner-occupied home	45.9	.4	--------	62.6	8.9	41.2	67.5	82.5	88.3	83.8
Other real estate	11.5	2.5	--------	15.5	7.7	9.1	9.9	13.6	23.1	40.2
Business interest [5]	1.9	.6	--------	2.6	1.6	2.1	2.1	2.6	3.0	6.2
Other [6]	.7	.6	--------	.9	.8	.6	.8	.8	1.0	2.3

[1] Represents the difference between the value of the assets listed in the table and total reported debt.
[2] Includes a few beneficiary groups whose assets and liabilities balanced.
[3] Numbers and percentages in this table may differ slightly from those in other tables because the number reporting on different items varies.
[4] Total is less than the sum of the percentages since some owned more than one type of asset.
[5] Represents interest in a nonfarm unincorporated business or privately held corporation in which the beneficiary is the proprietor; the equity in a farm operated by the beneficiary, including stored grain, livestock, farm machinery; and the market value of a professional practice.
[6] Represents the interest in an unincorporated business not operated by the beneficiary; the value of farm equipment and livestock on a farm owned but not operated by the beneficiary; and the market value of patents, copyrights, and other unclassified assets.

from shacks, trailers, and houseboats to fine homes. A few beneficiaries owned the dwelling unit they occupied in an apartment house. The equity in an owner-occupied home represented the beneficiary's estimate of the market value minus the amount of the mortgage. No adjustments were made in the estimates given by the beneficiaries.

Considerably more of the married couples than of the single beneficiaries owned their homes. Two-thirds of the couples were homeowners, in contrast to one-fourth of the single men and women retired workers and two-fifths of the aged widows.

Four-fifths (82 percent) of the homes were clear of mortgage. The proportion of homeowners who had mortgages varied very little with beneficiary type, ranging only from 16 percent for the single-men homeowners to 18 percent for the married couples who owned their homes. The mortgage status was more closely related to the amount of equity in the home, with the proportion dropping slightly as the equity increased in value. Twenty-two percent of the homes in which the equities ranged from $1,000–$4,999 were mortgaged; this proportion dropped to 18 percent for homes in which the equities ranged from $5,000–$9,999, 13 percent when the range was $10,000–$24,999, and 10 percent for homes in which the equities amounted to $25,000 or more. When the equity was less than $1,000, 17 percent of the homes were mortgaged.

Homes were owned less frequently by beneficiaries in metropolitan areas than in smaller cities or towns, and the metropolitan homeowners were more likely to have mortgages, as is indicated by the following tabulation:

Place of residence	Percent of beneficiary groups owning homes	Percent of homes mortgaged
Total	46	18
City:		
100,000 or more	38	23
10,000–99,999	48	18
2,500–9,999	53	13
Rural nonfarm	61	9
Farm	60	14

This relationship between homeownership and size of city was characteristic of each beneficiary type. Fifty-six percent, for example, of the married couples living in cities of 100,000 or more were homeowners. This proportion increased to 67 percent for couples in cities or towns of 10,000–99,999; 72 percent for those in towns and villages of 2,500–9,999; 76 percent for those living in rural nonfarm areas; and 78 percent for those living on farms.

The median equity in the homes owned and occupied by the beneficiaries was about $6,900 (table 5). Forty percent of the homeowners had an equity of $5,000–$9,999, and for a fourth the equity was $10,000–$24,999. Two percent reported an equity in their homes amounting to $25,000 or more. At the opposite extreme were 3 percent with an equity of less than $1,000. The median equity rose consistently from about $600 when the net worth of homeowners was less than $1,000 to about $14,000 at the highest net-worth interval.

An equity of less than $1,000 usually represented a shack or hut in a rural area that was more often owned by a single man than by a single woman or married couple. In some other cases it was an investment in a trailer; for a few beneficiaries it represented an equity in a home owned jointly with others.

Table 4.—*Percentage distribution of beneficiary groups within each net-worth* [1] *interval at end of survey year, by combination of liquid and nonliquid assets owned and value of liquid assets*

Liquid and nonliquid assets	Total	Negative net worth	Zero net worth [2]	Positive net worth: Total	Less than $1,000	$1,000–2,999	$3,000–4,999	$5,000–9,999	$10,000–24,999	$25,000 or more
Number [3]	17,591	711	3,995	12,885	2,372	1,890	1,554	3,147	3,025	897
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
No assets	25.9	80.7	99.7	--------	--------	--------	--------	--------	--------	--------
Liquid assets only	23.7	15.4	.2	31.4	81.6	51.0	27.5	12.9	7.7	9.1
Value of liquid assets:										
Less than $500	8.0	14.3	.2	10.1	55.0	--------	--------	--------	--------	--------
500–999	3.5	.7	--------	4.7	25.8	--------	--------	--------	--------	--------
1,000–1,999	3.5	.3	(4)	4.8	.8	31.7	--------	--------	--------	--------
2,000–2,999	2.1	--------	--------	2.8	(4)	19.0	--------	--------	--------	--------
3,000–3,999	1.4	--------	--------	2.0	--------	.2	16.2	--------	--------	--------
4,000–4,999	1.0	--------	--------	1.4	--------	(4)	11.3	--------	--------	--------
5,000–9,999	2.3	--------	--------	3.1	--------	--------	.1	12.8	--------	--------
10,000 or more	1.8	--------	--------	2.5	--------	--------	--------	.1	7.7	9.1
Home and liquid assets	[5] 34.0	--------	(4)	46.3	1.9	15.9	37.3	60.0	80.2	81.0
Value of liquid assets:										
Less than $500	8.6	--------	--------	11.9	1.9	11.1	20.2	20.1	10.1	1.6
500–999	4.4	--------	--------	6.0	(4)	2.7	8.3	11.0	7.6	1.8
1,000–1,999	5.4	--------	--------	7.5	--------	1.9	6.4	13.9	11.9	2.9
2,000–2,999	3.4	--------	--------	4.6	--------	.2	1.8	7.8	9.9	2.0
3,000–3,999	2.2	--------	--------	2.9	--------	--------	.6	3.8	7.9	1.7
4,000–4,999	1.6	--------	--------	2.2	--------	(4)	.1	1.8	6.9	1.8
5,000–9,999	4.2	--------	--------	5.9	--------	--------	--------	1.5	19.9	11.0
10,000 or more	4.1	--------	--------	5.5	--------	--------	--------	--------	6.2	58.2
Home only	10.5	.4	(4)	14.4	6.7	23.1	27.5	20.2	6.2	.7
Home and other real estate or business interest only	1.4	--------	--------	1.9	.2	2.3	2.6	2.4	2.0	2.1
Other real estate or business interest only	1.3	2.3	(4)	1.7	5.1	1.7	1.2	1.0	.3	.1
Other real estate and business interest and liquid assets	3.3	1.2	--------	4.3	4.5	6.0	3.9	3.6	3.5	6.9
Value of liquid assets:										
Less than $500	.9	1.0	--------	1.2	3.3	1.9	1.0	.5	.2	.3
500–999	.4	.3	--------	.6	1.3	.9	.5	.4	.2	.2
1,000–1,999	.4	--------	--------	.6	--------	2.4	.4	.3	.4	.3
2,000–2,999	.3	--------	--------	.5	--------	.8	.8	.7	.3	.2
3,000–3,999	.2	--------	--------	.3	--------	--------	.9	.4	.1	.4
4,000–4,999	.2	--------	--------	.2	--------	--------	.4	.4	.3	.3
5,000–9,999	.3	--------	--------	.4	--------	--------	--------	.8	.9	.2
10,000 or more	.4	--------	--------	.6	--------	--------	--------	--------	1.1	4.8

[1] See footnote 1, table 1.

[2] Includes a few beneficiary groups whose assets and liabilities balanced.

[3] Numbers and percentages in this table may differ slightly from those in other tables because the number reporting on different items varies.

[4] Less than one-tenth of 1 percent.

[5] Twenty-seven percent owned a home and had liquid assets; 7 percent owned both a home and other real estate or a business interest and had liquid assets.

Somewhat scattered information indicates that, of the 2 out of every 100 homes that were worth $25,000 or more, at least a few were multiple-unit dwellings owned by the beneficiary, who lived in one unit and rented the others.

The dollar value of the home equity comprised a substantial part of the aggregate net worth of all beneficiaries, including the nonhomeowners as well as the homeowners. It represented approximately $46 of each $100 in net worth for all the beneficiary groups combined; for the groups worth between $3,000 and $25,000, as much as $60–$70 of each $100 in net worth represented the equity in the home. Because larger proportions of couples than of single beneficiaries owned a home and reported a home as their only asset, equity in homes owned by couples amounted to $49 of each $100 of the net worth of all couples, while the ratio was lower—$41 of each $100—for all single beneficiaries. For all beneficiaries combined, the aggregate equity in homes formed the following percentage of the aggregate net worth in each specified net-worth interval:

Total	46
Less than $1,000	16
1,000–2,999	43
3,000–4,999	61
5,000–9,999	70
10,000–24,999	60
25,000 or more	23

Probable Accuracy of Beneficiary Reports

Currency at home, not reserved for living expenses, and bank accounts were sometimes reported in rounded figures that probably represented an underreporting of the amounts actually held by the beneficiaries. In some instances, however, beneficiaries referred to their bank books and reported exact amounts. Some of these were among the poorer beneficiaries; others were better off.

Government bonds owned by beneficiaries were assumed to have been held 5 years and were valued accordingly, understating the amount some beneficiaries would have realized if they had sold their bonds and overstating the amount for others. It is likely that corporate stocks and bonds held by the wealthier beneficiaries were fairly accurately reported because many of these beneficiaries kept and referred to their records. Often the beneficiaries knew the current market values of their stocks and bonds; when necessary, the values were obtained by the Bureau staff.

In contrast to liquid assets, the market value of homes and other real estate was likely to be overvalued. In earlier surveys of old-age and survivors insurance beneficiaries, the assessed value of each home was obtained. The value was then adjusted on the basis of the ratio (obtained from local real estate boards) between the market values in a particular locality and the assessed value. A comparison of the beneficiaries' estimates of the market values of their homes with the market values obtained on the basis of the adjusted assessed values showed that the large majority overvalued their homes. Other real estate was likewise generally overvalued.

Because of the probable under- and over-reporting of assets, the conclusion may be drawn that the beneficiaries who reported no liquid assets or only low amounts probably had somewhat more than they reported. Liquid assets formed a large proportion of the total when net worth was less than $3,000. It is likely therefore that, as a group, beneficiaries in the net-worth levels of less than $3,000 were somewhat better off than they reported. The net worths between $3,000 and $25,000 may be approximately correct or possibly somewhat overstated. Equities in homes, which formed a relatively large proportion of the value of net worths within this range, were probably generally overvalued. The reports of beneficiaries worth $25,000 or more may be the most reliable of all groups.

It may be concluded, however, that if the current market value of all assets could have been correctly obtained, the net-worth pattern of the beneficiaries would not have changed much. Because of the wide intervals adopted, few would have been shifted from one net-worth interval to another.

Table 5.—*Percentage distribution of homeowner beneficiary groups within each positive net-worth[1] interval at end of survey year, by amount of equity[2] in home*

Amount of equity in home	Positive net worth						
	Total	Less than $1,000	$1,000–2,999	$3,000–4,999	$5,000–9,999	$10,000–24,999	$25,000 or more
Number of homeowners [3]	8,047	207	777	1,047	2,591	2,675	750
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than $1,000	2.9	85.4	4.7	.5	.3	.3	.1
1,000–2,999	12.1	14.1	88.7	13.7	3.3	1.0	.9
3,000–4,999	17.3	.5	6.5	81.8	14.4	3.5	2.1
5,000–9,999	40.2	--------	.1	4.0	80.7	36.0	18.1
10,000–24,999	25.8	--------	--------	--------	1.2	59.3	60.7
25,000 or more	1.7	--------	--------	--------	--------	--------	18.0
Median equity	*$6,861*	*$589*	*$2,028*	*$3,877*	*$6,000*	*$10,000*	*$14,000*

[1] See footnote 1, table 1.
[2] Owner's estimate of current value of home, less any mortgage or other debt on home.
[3] Numbers and percentages in this table may differ slightly from those in other tables because the number reporting on different items varies.

Life Insurance

Information on the face value of life insurance carried by the beneficiary groups was obtained in the survey, but the detailed information required to compute the cash-surrender value of the policies was not obtained. Life insurance included ordinary life, industrial, group, fraternal, and burial policies; purely accident policies and matured annuity policies were not included as life insurance.

Almost three-fourths of the couples (72 percent) and about half the single beneficiaries (47 percent of the single men and 51 percent of the single women) carried life insurance. The large majority (67 percent) of single beneficiaries either had no life insurance or carried small industrial or burial policies with face values of less than $500. Less than a fourth of

Table 6.—*Percentage distribution of beneficiary groups within each net-worth[1] interval at end of survey year, by face value of life insurance carried*

Face value of life insurance	Total	Negative net worth	Zero net worth [2]	Positive net worth: Total	Less than $1,000	$1,000–2,999	$3,000–4,999	$5,000–9,999	$10,000–24,999	$25,000 or more
Number [3]	17,648	711	4,015	12,922	2,394	1,896	1,554	3,150	3,031	897
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
No life insurance	40.4	39.5	51.6	37.0	42.1	41.5	38.4	34.5	31.9	37.1
Life insurance	59.6	60.5	48.4	63.0	57.9	58.5	61.6	65.5	68.1	62.9
Less than $500	12.6	18.0	18.0	10.6	16.3	14.2	14.0	9.9	5.7	1.3
500–999	14.6	17.7	15.3	14.3	17.4	16.1	16.8	15.7	11.0	3.7
1,000–1,999	17.4	14.5	10.9	19.6	16.0	17.5	19.0	23.5	22.3	11.8
2,000–2,999	6.8	5.8	3.0	8.0	4.5	6.1	5.9	8.4	12.2	8.7
3,000–3,999	3.0	2.5	.6	3.8	1.7	2.3	3.3	3.5	6.1	6.6
4,000–4,999	1.2	.4	.2	1.6	.7	.5	1.0	1.6	2.8	3.2
5,000–9,999	2.5	.8	.2	3.4	1.1	1.4	1.5	2.3	5.9	11.6
10,000 or more	1.4	.7	.1	1.8	.2	.4	.1	.7	1.9	15.9
Median:										
All groups	*$382*	*$292*	0	*$584*	*$245*	*$300*	*$414*	*$679*	*$1,063*	*$1,665*
Groups with life insurance	*1,146*	*845*	*$702*	*1,338*	*864*	*968*	*999*	*1,306*	*1,777*	*3,898*

[1] See footnote 1, table 1.
[2] Includes a few beneficiary groups whose assets and liabilities balanced.
[3] Numbers and percentages in this table may differ slightly from those in other tables because the number reporting on different items varies.

the single men and a tenth of the single women carried policies of $1,000 or more. The married couples reported more life insurance, half of them carrying policies on either the husband or the wife, or on both, that totaled $1,000 or more. Only 7 percent of the couples, however, had as much as $5,000 in life insurance. Insurance reported by the couples was almost always carried by the husband, and in about half of the cases by the wife as well. The wife's insurance was generally lower than the husband's.

One in 7 of the beneficiary groups had zero or negative net worth, although they carried life insurance. Nearly half the beneficiaries with zero net worth and three-fifths of those with negative net worth reported life insurance (table 6). This proportion increased slowly but steadily as net worth increased, to 68 percent for the $10,000–$24,999 net-worth interval; it dropped slightly for those worth $25,000 or more. The median face value of the life insurance also increased as net worth increased.

The face value of life insurance carried by beneficiary groups in each net-worth class dropped from a ratio of $167 in life insurance for every $100 in net worth at the lowest ($1–$999) interval to $8 in life insurance for each $100 in net worth at the highest interval ($25,000 or more). The face value of life insurance for each $100 in net worth, by amount of positive net worth, is shown in the following tabulation.

$1–999	$167
1,000–2,999	39
3,000–4,999	19
5,000–9,999	15
10,000–24,999	11
25,000 or more	8

Automobile Ownership

One-fourth of the beneficiaries reported that they owned automobiles. This was a markedly lower proportion than was found among spending units included in the 1950 and 1953 surveys of consumer finances conducted by the Federal Reserve Board. In the 1950 survey, 55 percent of all spending units owned automobiles; in the 1953 survey, the percentage was 60. Among the retired group included in the 1954 survey of consumer finances, 45 percent owned automobiles.

In the 1951 beneficiary survey, the men owned cars more frequently than the women, and couples more often than the single men. Only 6 percent of the single women had automobiles, in contrast to 16 percent of the single men. A much larger proportion of the married couples—38 percent—were automobile owners.

Although some beneficiaries in all net-worth classes were car owners, the proportion rose consistently with increasing wealth from 5 percent for beneficiaries with zero net worth to two-thirds for those worth $25,000 or more, as is shown by the following tabulation.

Total	24
Negative	15
Zero	5
$1–999	13
1,000–4,999	22
5,000–9,999	30
10,000–24,999	42
25,000 or more	66

Many of the cars owned by these older people were old models of relatively little market value. A detailed check on the cars owned at the end of 1951 by the beneficiaries with negative or zero net worth, for example, showed that two-thirds were models that had been new in the 1930's, and a few dated back to the twenties; less than 5 percent were current models. Even among the wealthier beneficiaries—those worth $10,000 or more—who owned automobiles, only about a fifth owned 1950 or 1951 models; approximately 3 out of every 10 had models of the 1930's.

Assets Used for Living Expenses

No data were available to show change in assets of beneficiaries since their retirement. Information obtained on the amount of assets and liabilities at the beginning and end of the survey year permitted a computation to be made for each beneficiary group of the amount of the assets that were used and the debts that were incurred for current living. These data show that 1 in 4 of the beneficiary groups reduced their assets during the survey year to meet daily expenses of living, to pay some unusual bill—such as a doctor or hospital bill, or a bill for repairs on the home—or to purchase household furniture or equipment or an automobile. The amount of savings used for living expenses may be slightly overstated because some of the items purchased during the year, particularly an automobile or household equipment, had resale value.

Two percent of all the beneficiaries exhausted their liquid assets during the year. Of those who had liquid assets at the beginning of the year, 37 percent drew upon them to meet their living expenses. An occasional beneficiary had mortgaged or sold his home during the year to obtain cash to meet expenses, but most beneficiaries had savings that they used.

One beneficiary type was about as likely as another to use assets to meet current expenses. A fourth of the married couples, slightly more than a fourth of the aged widows, and approximately a fifth of the single men and women retired workers used assets.

The proportion of beneficiaries who used assets varied only slightly with the amount of their liquid asset holdings at the end of the survey year. The proportion using assets was smallest at both the lowest and highest levels of liquid asset holdings—33 percent among the groups with $1–$499 and $500–$999 and 34 percent among those with $10,000 or more. The percentage was higher for those with liquid assets of $1,000–$4,999 (37 percent) and with $5,000–$9,999 (39 percent). Four percent of the group with no assets at the end of the survey year had used assets during the year.

Relatively more homeowners (26 percent) than nonhomeowners (20 percent) used assets, probably because more of the homeowners had liquid assets to use. Forty-six percent of the homeowners had $1,000 or more in liquid assets at the end of the survey year in contrast to 26 percent of the beneficiaries who did not own their homes.

Beneficiary groups with relatively high money incomes were almost as likely to have dipped into their assets as were those with the lower incomes. A fourth of the beneficiary groups in each money income class—up to $1,800—reported using assets. The proportion dropped to 18 percent at the $2,400-or-more income level.

Half the 4,050 beneficiaries who drew on their assets to meet current living expenses used less than $340. One-sixth used less than $100. Almost 3 out of every 10 (28 percent) using assets, however, had depleted their assets by $600 or more; a sixth, by $1,000 or more. The following tabulation distributes the beneficiary groups who used assets by the amount used.

Amount of assets used	*Percentage distribution*
Total	100
Less than $100	16
100–199	16
200–299	14
300–399	10
400–499	7
500–599	8
600–999	12
1,000 or more	16

Four percent of all the beneficiaries used at least $1,000 in assets during the survey year. The proportion using that amount or more increased markedly with the amount of liquid assets held at the end of the year. A total of $1,000 or more was spent by 0.5 percent of those with no assets remaining at the end of the survey year, by 2 percent of those with assets of $1–$999, by 5 percent of those with $1,000–$4,999, by 11 percent with $5,000–$9,999, and by 16 percent with assets of $10,000 or more.

Married couples who drew on their assets used more of them than the single beneficiaries. For all types of beneficiary, the median value of the assets used was $342. The median for married couples was $380; for single men, it was $328; for single women, $265, and for aged widows, $215.

The married couples, of course, had to meet the needs of two persons. At least as many of the spouses as of the old-age beneficiaries, for example, required hospital care during the survey year, and medical care bills accounted for an important proportion of the large amounts used. Moreover, the couples had more liquid assets to use than the single beneficiaries.

Debts Incurred

Some beneficiaries not only used assets but went in debt to buy goods or services. During the survey year, 8 out of every 100 beneficiary groups incurred debts. Relatively more couples (10 percent) than single beneficiaries went into debt. These beneficiaries borrowed on life insurance or other securities or borrowed without security, they incurred medical or hospital bills, or they had balances due on installment purchases, and so forth. Taking out a mortgage on a home or increasing the mortgage was not included among debts incurred for purposes of this study. The amount of a mortgage is taken into account only as it affects the value of the equity in the home; an increase in a mortgage during the survey year therefore resulted in a decrease in the equity in the home and is treated as an asset used.

The proportion who incurred debts was small at every positive net-worth interval. The proportion increased slightly, from 7 percent at the $1–$999 interval to 9 percent at the $3,000–$4,999 level, and then decreased steadily to 4 percent at the highest net-worth level. Half the beneficiaries with a negative net worth had incurred some or all of their indebtedness during the survey year.

The debts incurred by most of the beneficiaries during the survey year were small. For almost half of those who went into debt, the amount of the indebtedness was less than $100; for more than two-thirds, it was less than $200. Only 11 percent contracted debts amounting to $500 or more, and only 4 percent, $1,000 or more. Large debts frequently represented medical bills, but some also represented balances due on automobiles or household equipment purchased during the survey year on the installment plan. In some of these cases, the beneficiaries had sufficient liquid assets to meet the bills but preferred spreading the payments over a period of time to using their assets.

Conclusions

The large proportion of the beneficiaries studied in 1951 who had zero or negative net worth or whose net worth was small is not surprising in view of their low earnings before they became entitled to benefits, their low retirement income, the length of time that had elapsed since their retirement, and their need for medical care.

Some indication of the level of earnings of the beneficiaries before they retired is given by the amount of their old-age benefits. About 60 percent of the retired-worker beneficiaries in the survey received old-age benefits of less than $50 a month. These benefits were based on average monthly wages ranging from $8 to $120.

In many instances the average

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ment stated: "Since it is contemplated that the Federal credit union program will become a self-sustaining one beginning with the fiscal year 1954 it is vital that the authority to assess adequate fees remain unimpaired."

The objection to an extension of loan maturities rested in a concept of the nature of the Federal credit union as a specialized institution, rigidly restricted to caring for the short-term credit needs of the American people. S. 1666 was disapproved by the Committee, and its companion bill was also dropped.

In the second session of the Eighty-third Congress, Representative Talle introduced H. R. 9236. This bill required the board of directors of a Federal credit union to fix the amount and character of surety bonds in compliance with regulations prescribed by the Director of the Bureau of Federal Credit Unions and also gave the Director power to regulate bonding requirements. The bonding of credit union officials had been under the jurisdiction of the board of directors of the individual credit union. Under the bill, which became Public Law No. 656 on August 24, 1954, the board of directors still retains the responsibility but must operate according to Bureau regulations.

During the same session hearings were held in both Houses on S. 3683, a bill sponsored by the District of Columbia Credit Union League and introduced by Senator Case. This bill transferred from the Comptroller of the Currency to the Bureau of Federal Credit Unions the supervision and examination of District-chartered credit unions and made applicable for them the scale of fees paid by Federal credit unions. The bill was approved August 10, 1954 (Public Law No. 576).

S. 2890, providing for a regional credit union system, was introduced February 3, 1954; no action was taken.

The 1955 session of the Eighty-fourth Congress saw the introduction of only two credit union bills—companion bills S. 1641 and H. R. 5258. They provided for amending section 7 to permit a Federal credit union to invest "in shares of other credit unions in the total amount not exceeding 10 per centum of its paid-in and unimpaired capital and surplus." The Department of Health, Education, and Welfare filed an unfavorable report with the congressional committees on these bills. No hearings were held, nor was any action taken on them during the first session of the Eighty-fourth Congress.

The table summarizes the amendments to the Federal Credit Union Act through 1954. As the table shows, the amendments have served for the most part to clarify administration and to keep pace with inflation. The Federal credit union has essentially the same nature and scope as it did under the act of 1934; it is an independent, local society designed to operate in the short-term, consumer area.

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monthly wage was low because of part-time work or absence from work on account of disability, unemployment, or other reasons. Such periods not only lowered the average monthly wage on which benefits were based but often have made it necessary for the worker to use up savings. Some beneficiaries, of course, had worked in noncovered employment, with the result that their average monthly wage was reduced and their benefits lowered; they were probably not forced, however, to use their savings.

Two-fifths of the retired-worker beneficiaries had quit working and filed for benefits because of ill health. At the time of the interview, three-fifths said they were unable to work. One out of every 10 beneficiaries was hospitalized during the survey year, with only about a fourth of the hospitalized group covered to any degree by hospital or sickness insurance. Others were sick in bed at home. Altogether, almost two-fifths of the beneficiary groups had a member hospitalized or sick in bed at home; some married couples had both the husband and wife bedridden. Other disabled beneficiaries who were ambulatory required medical care and drugs.

A fourth of the beneficiaries in the sample had been on the benefit rolls from 6 to 12 years and half from 4 to 12 years, getting along on independent retirement incomes that were inadequate to meet their needs, particularly if they were living alone. Some —those who could—met this situation by working, usually a part of the year but a few throughout the year; others shared homes with relatives, and some of them received part of their support from the relatives; a sixth received public assistance; and a fourth supplemented their incomes by drawing on their savings during the year studied.

In the light of these facts the surprising aspect of the amount of asset holdings at the end of the survey year by old-age and survivors insurance beneficiaries is not that so many had so little, but that so many had something, especially in liquid assets. The picture emerges of beneficiaries making small economies and dipping only cautiously into their savings.