Old-Age Benefits in Current-Payment Status, December 31, 1956

Old-age insurance benefits under the Social Security Act were being paid on December 31, 1956, to about 5.1 million persons; a year earlier—in December 1955—almost 4.5 million had been receiving benefits. The accompanying table shows the average monthly benefit amount at the end of 1956 and gives a percentage distribution of the number of beneficiaries according to the size of their benefit. The data are classified by the beneficiaries’ State of residence at the close of the year.

The average old-age benefit of $63.09 being paid in December 1956 was about $1.19 higher than the average in December 1955. One reason for the higher average was the increasing proportion of benefits computed on the basis of earnings after 1950. Beginning in 1955 the maximum amount of annual earnings that can be used in benefit computations was raised from $3,800 to $4,200. A second factor in the increase was the progressively rising proportion of beneficiaries whose benefits were computed under the provision that permits up to 5 years of lowest earnings to be excluded in calculating the average monthly wage. The average old-age benefit being paid went up each month, from $61.00 in December 1955 to $63.31 in October 1956. The average dropped to $63.09 in November, however, when a large number of women aged 62-64 were awarded monthly old-age benefits that, because of the actuarial reductions under the 1956 amendments to the Social Security Act,1 were slightly larger for those without children than for those with children in their care. It is likely, however, that part-time or intermittent work was more common among the latter group because women with children usually seek jobs that are conveniently located, with convenient hours, or other special requirements. Perhaps 35,000-45,000 widows under age 65 were receiving unemployment insurance benefits in December 1956.

Apparently almost all widows with children in their care had some income from earnings and/or social insurance or aid to dependent children in December 1956, but about 30 percent of the other widows under age 65 were without income from these sources.

1 For a summary of available data relating to the income sources of women approaching age 65, see the Bulletin, June 1957, pages 9-10.

Almost a third of all old-age beneficiaries were receiving monthly benefits of $75.00–$108.50. About two-fifths were receiving benefits in the $45.00–$74.90 range, and slightly more than one-fourth were receiving benefits of less than $45.00. Actuarially reduced benefits payable to women aged 62–64 at entitlement may be represented in all the amount-of-benefit intervals except the one for $108.50, and they account for all benefits of $24.00–$29.90.

Benefits of exactly $30.00, representing mainly amounts going to persons entitled to the statutory minimum, were being paid to about 772,000 old-age beneficiaries—61,000 more than at the end of 1955. As a proportion of all old-age beneficiaries, however, the number of persons receiving a $30.00 benefit declined 0.8 percent to 15.1 percent. The figure for the number of persons receiving an old-age benefit of exactly $30.00 at the end of 1955 represented the number receiving the minimum benefit. The corresponding figure for December 1956 includes some benefits that were reduced to exactly $30.00 because of actuarial reduction for early retirement. Then, too, some benefits in the $24.00–$29.90 interval would have been $30.00 minimum benefits if they had not been actuarially reduced because the beneficiary was aged 62–64 at entitlement.

Among the 48 States the average old-age benefit at the end of 1956 ranged from $70.01 in Connecticut to $49.78 in Mississippi. Benefits of $75.00–$108.50 were being paid to 45 percent of the old-age beneficiaries in Connecticut and to 13 percent in Mississippi. Only 17 percent of the old-age beneficiaries in Connecticut but 53 percent of those in Mississippi were receiving benefits of $24.00–$44.90. In Puerto Rico, where the average benefit was only $41.34, 71 percent of the old-age beneficiaries were receiving less than $45.00.

The average old-age benefit was highest in the Northeastern States and in certain North Central States, somewhat lower in the Far West and Middle West, and for the most part lowest in the Southern States. Four of the six States with the highest average old-age benefits are in the Northeast, and five of the six States with the lowest average benefits are in the South. In the Southern States, workers had more periods of non-covered employment in their earnings histories; the result was a reduction in the average monthly earnings from which their benefits were computed. Regional differences in wage rates are also reflected, to some extent, in the average benefits.

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(Continued on page 20)