

Money Income of Aged Persons: A 10-Year Review, 1948 to 1958

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THE nature or source of an aged person's income—regardless of the total amount—is in itself one determinant of his economic welfare. Income that can be counted on for life may be used differently from the same amount of income that is clearly temporary in nature. This fact highlights the importance of the growth during the past decade in the number and proportion of aged persons receiving social insurance benefits.

At the end of 1958, according to preliminary data, 70 percent of all persons aged 65 and over received some income from social insurance or related programs. These 10.8 million beneficiaries were almost three times as numerous as the total number with income from employment (table 1). Of the 3.7 million who had earnings or were nonworking wives of earners, it is estimated that almost 2.5 million were receiving social insurance benefits too and therefore did not rely primarily on earnings for their livelihood. Moreover, substantially all other aged persons with earnings were eligible to receive benefits under the old-age, survivors, and disability insurance program when they or their husbands retired. Public welfare agencies provided the major support for more than 1.8 million aged persons or one-eighth of the total. One in 10 aged persons had no income from employment or from social insurance or any other public income-maintenance program.

Employment of aged persons dropped more than seasonally between June and December 1958. With the growth of nearly half a million in the number drawing benefits under social insurance or related programs, however, the estimated number with income from either employment or social insurance remained constant at about 78 percent of the total.

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In the 10-year period June 1948–June 1958, while the aged population increased by 3.6 million, the number receiving benefits under social insurance and related programs jumped by more than 8 million. The number estimated to be without money income or to have income solely from sources other than employment, social insurance, or assistance declined almost 2 million. The 50-percent increase in the proportion having some income from employment or social insurance represents a remarkable gain in economic security for one decade.

Total monthly benefit payments under social insurance and related programs probably accounted for more than one-third of the estimated aggregate money income of all persons aged 65 and over in 1958. Payments under all public income-maintenance programs — insurance and assistance — were almost certainly more than 40 percent of the aggregate income of the aged for the year.

Although much less remarkable than the growth in the number and proportion with some assured income, the reduction since 1948 in the proportion of aged persons with a very small cash income has been significant. The proportion who had less than \$1,000 declined from 74 percent in 1948 to 60 percent in 1957, but the number of persons actually increased to 8.8 million. In contrast, the number receiving at least \$3,000 more than doubled to reach 1.7 million. For the aged living by themselves as separate units — whether married couples or single individuals—there has also been significant improvement in income position according to available data for 1951–56. Throughout the entire decade the aged were gaining income more than enough to offset the loss of purchasing power of the dollar as recorded by the Bureau of Labor Statistics consumer price index. Beneficiaries under old-age, survivors, and disability insurance tend to concentrate in the middle of

Table 1.—*Estimates of number of persons aged 65 and over receiving money income from specified sources, by sex, December 1958*¹

[Preliminary estimates; in thousands]

Source of money income ²	Total	Men	Women
1. Population aged 65 and over, total.....	15,380	6,990	8,390
2. Employment.....	3,680	2,110	1,570
Earners.....	2,810	2,110	700
Nonworking wives of earners.....	870		870
3. Social insurance and related programs ³	10,830	5,420	5,410
Old-age, survivors, and disability insurance.....	9,230	4,590	4,640
Railroad retirement program.....	690	300	290
Government employees' retirement programs.....	790	420	370
Veterans' compensation and pensions.....	1,240	710	530
4. Public assistance ⁴	2,510	940	1,570
5. No money income or income solely from other sources.....	1,610	240	1,370
6. Income from more than one of sources specified on lines 2-4.....	3,250	1,720	1,530

¹ Data relate to the continental United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands. Persons with income from sources specified may also have received money income from other sources, such as interest, dividends, private pensions or annuities, or cash contributions from relatives.

² Because persons frequently have income from more than one of the sources specified, the sum of persons shown on lines 2-5 exceeds the total number in the population (line 1). The estimates of persons with income from more than one source are developed from survey data and are therefore subject to sampling and reporting errors, as well as the error inherent in projecting survey findings to additional population groups and different dates, errors that are relatively more significant for small estimates.

³ Persons with income from more than one of the programs listed are counted only once. Estimates of women beneficiaries under programs for government employees and veterans include the estimated number of beneficiaries' wives not in direct receipt of benefits.

⁴ Old-age assistance recipients and persons aged 65 and over receiving aid to the blind or to the permanently and totally disabled; includes a small number receiving vendor payments for medical care but no direct cash payment.

Source: Estimated in the Division of Program Research on the basis of published and unpublished data from the Bureau of the Census and agencies administering income-maintenance programs.

the income range for aged persons.

These and many other facts relating to the economic security and resources of the aged are needed by legislators and others concerned with the problems and needs of the 15½ million Americans aged 65 and over. This article is intended to provide the basis for an appraisal of their present economic status and of changes during the past decade. It is based on data that have recently become available from a nationwide survey of beneficiaries made by the Bureau of Old-Age and Survivors Insurance, from the Bureau of the Census, from the Consumer Finances Surveys conducted for the Federal Reserve Board, and from the Civil Service Commission.

The first section of the article presents detailed estimates of the total number of aged persons with money income from employment, income-

maintenance programs, and certain other sources in June 1958 and 10 years earlier, and on the number owning their homes. June 1958 data are used for this analysis both because they are less subject to change than the preliminary estimates for the end of the year and because seasonal factors make them more comparable with the available data for 1948, which relate to June. The second section summarizes the latest data (1957) on the amount of income they receive and any comparable distributions for earlier dates.

Sources of Money Income

Social insurance and related programs.—Benefits under the old-age, survivors, and disability insurance program are by far the most frequent source of income for persons aged 65 and over. In June 1958, three-fifths of all aged persons in the United

States were receiving such benefits as retired workers or as aged wives, widows, or parents of deceased workers. An additional 1.6 million could have drawn benefits whenever they (or their husbands) retired. The number with benefits in current-payment status increased sixfold between June 1948 and June 1958 (table 2).

Benefits payable under other public programs because of the worker's retirement or death went to about 1.3 million persons aged 65 and over (including beneficiaries' wives not in direct receipt of benefits). More than half of the 1.3 million were beneficiaries under special staff retirement programs for Federal, State, or local government employees; the others received benefits under the Railroad Retirement Act. In mid-1958, disability payments to living veterans and monthly compensation or pensions to survivors of deceased vet-

Table 2.—Estimated number of persons aged 65 and over receiving money income from specified sources, by sex, June 1948 and June 1958¹

Source of money income ²	Number (in thousands)						Percentage distribution					
	Total		Men		Women		Total		Men		Women	
	1948	1958	1948	1958	1948	1958	1948	1958	1948	1958	1948	1958
1. Population aged 65 and over, total.....	11,540	15,190	5,500	6,930	6,040	8,260	100.0	100.0	100.0	100.0	100.0	100.0
2. Employment.....	3,830	3,950	2,410	2,310	1,420	1,640	33.2	26.0	43.8	33.3	23.5	19.9
Earners.....	2,930	3,070	2,410	2,310	520	760	25.4	20.2	43.8	33.3	8.6	9.2
Nonworking wives of earners.....	900	880			900	880	7.8	5.8			14.9	10.7
3. Social insurance and related programs ³	2,330	10,360	1,290	5,220	1,040	5,140	20.2	68.2	23.4	75.3	17.2	62.2
Old-age, survivors, and disability insurance.....	1,460	8,840	830	4,440	630	4,400	12.7	58.2	15.1	64.1	10.4	53.3
Railroad retirement program.....	300	580	180	300	120	280	2.6	3.8	3.3	4.3	2.0	3.4
Government employees' retirement programs.....	300	750	160	400	140	350	2.6	4.9	2.9	5.8	2.3	4.2
Veterans' compensation and pensions.....	350	1,160	170	660	180	500	3.0	7.6	3.1	9.5	3.0	6.1
4. Public assistance ⁴	2,400	2,520	1,060	960	1,340	1,560	20.8	16.6	19.3	13.9	22.2	18.9
5. No money income or income solely from other sources.....	3,400	1,500	1,040	120	2,360	1,380	29.4	9.9	18.9	1.7	39.1	16.7
6. Income from more than one of sources in lines 2-4.....	420	3,140	300	1,680	120	1,460	3.6	20.7	5.4	24.2	2.0	17.7
OASDI and employment ⁵		1,900		990		910		12.5		14.3		11.0
Other programs and employment ⁵	270	600	210	380	60	220	2.3	4.0	3.8	5.5	1.0	2.7
Old-age assistance and OASDI.....		610		300		310		4.0		4.3		3.8
Other assistance and OASDI or related programs.....	150	30	90	10	60	20	1.3	.2	1.6	.1	1.0	.2

¹ 1958 data for the continental United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands; 1948 data for the continental United States. Persons with income from sources specified may also have received money income from other sources, such as interest, dividends, private pensions or annuities, or cash contributions from relatives.

² Because persons frequently have income from more than one of the sources specified, the sum of persons shown on lines 2-5 exceeds the total number in the population (line 1). The estimates of persons with income from more than one source are developed from survey data and are therefore subject to sampling and reporting errors, as well as the error inherent in projecting survey findings to additional population groups and different dates, errors that are relatively more significant in the case of small estimates.

Estimates are not consistent with those published in the *Bulletin* for earlier periods because of the availability of new data. Estimates for December 1956, the last date for which this series was published, change as follows when revised to take account of the findings of the 1957 surveys of OASI beneficiaries and civil-service annuitants and to incorporate later estimates of aged persons receiving payments under programs for veterans and government employees:

Selected sources of money income	Number (in thousands)	
	Original	Revised
Social insurance and related programs, net total.....	8,510	8,240
Men.....	4,340	4,210
Women.....	4,170	4,030

No money income or income solely from other sources, total.....	1,490	2,420
Men.....	100	570
Women.....	1,390	1,850
Income from more than one of specified sources (lines 2-4), total.....	1,900	2,560
Men.....	1,040	1,380
Women.....	860	1,180

³ Persons with income from more than one of the programs listed are counted only once. Unemployment insurance, workmen's compensation, and temporary disability insurance programs also provided income for an unknown number. Estimates of women beneficiaries under the railroad program (1948) and government employees' retirement and veterans' programs (1948 and 1958) include the estimated number of beneficiaries' wives not in direct receipt of benefits.

⁴ Old-age assistance recipients and persons aged 65 and over receiving aid to the blind or to the permanently and totally disabled; includes a small number receiving vendor payments for medical care but no direct cash payment.

⁵ Excludes a small number with income from employment and OASDI and another insurance or related program; the figures on line 3 have already been adjusted for overlap among the insurance and related programs.

Source: Estimated in the Division of Program Research on the basis of published and unpublished data from the Bureau of the Census and agencies administering income-maintenance programs.

crans went to nearly 1 million aged persons—to almost 1.2 million, when the wives of veterans on the benefit rolls are included.

On the basis of information from the nationwide survey of old-age and survivors insurance beneficiaries conducted late in 1957,¹ it is estimated that about 860,000 of the 8.8 million beneficiaries also received payments under one of the other public retirement programs or the program for veterans. It seems logical to assume that beneficiaries of the railroad retirement program were at least as likely as old-age and survivors insurance beneficiaries—about 1 in 16 of the men and 1 in 20 of the women beneficiaries — to receive veterans' pensions or compensation. A special study of Federal civil-service annuitants whose annuities began on or before October 1, 1956, shows that 1 in 6 of the men aged 65 and over and 1 in 16 of the aged women annuitants were receiving veterans' pensions or compensation.² The provisions for veterans' civil-service preference presumably account for the fact that these rates were so much higher than those for old-age and survivors insurance beneficiaries.

The net total of persons receiving some income from social insurance or related programs in mid-1958 was thus 10.4 million, or slightly more than two-thirds of all persons aged 65 and over, compared with 2.3 million, or one-fifth of the aged 10 years earlier. Major amendments to the Social Security Act in 1950, 1954, and 1956 extending old-age, survivors, and

disability insurance coverage — together with the gradual maturing of the system—account for the sixfold increase in the number of aged beneficiaries under this program. The number of beneficiaries under programs for railroad workers and government employees doubled during the 10 years. The number receiving veterans' compensation or pensions more than tripled primarily because many veterans of World War I had reached age 65—the age at which a veteran who has a 10-percent disability and is "not working or able to work more than half the usual hours at half the usual pay" is considered totally disabled for purposes of receiving a non-service-connected disability pension.

Some aged persons receive income-maintenance payments under workmen's compensation laws because of on-the-job injury or death of the breadwinner. Some of those in the labor force receive unemployment insurance or temporary disability insurance payments when they are laid off or ill. Although information is not available on the number receiving payments under these programs in 1958 or any recent year, it is believed to be small. Furthermore, some of these persons undoubtedly receive other social insurance benefits concurrently. At the most, inclusion of such persons might raise the total number of aged persons receiving benefits under social insurance or related programs by one-quarter of a million, or 2 percent, but probably the number to be added would be considerably smaller.

At the end of 1957, about 1¼ million persons were receiving payments under a private pension or deferred profit-sharing plan, and it is estimated that all but about 100,000 of them were aged 65 and over. It has been estimated that roughly 165,000, or 13 percent, had worked in non-covered employment or retired before they met the age or work requirements to qualify under the Federal program.³ Some below the retirement

age for receiving old-age and survivors insurance benefits at the end of 1957 might later qualify. It was found in the 1957 survey of old-age and survivors insurance beneficiaries that 18.5 percent of the retired men and 7.5 percent of the retired women drawing benefits at the end of the year also received payments under private employer or union pension plans. This finding suggests that about 350,000 persons drawing private pensions were not eligible for old-age and survivors insurance benefits. The survey sample covered, however, only beneficiaries who had drawn at least one old-age and survivors insurance benefit check by September 1956. Consequently, the proportion of all old-age and survivors insurance beneficiaries receiving private pensions is probably underestimated, because recent retirees are more likely to have private pension rights than are those who have been on the rolls longer. It seems probable, therefore, that at least four-fifths of those receiving private employer or union pensions were old-age and survivors insurance beneficiaries at the end of 1957.

By the end of 1958 there were probably 1¼ million persons aged 65 and over receiving private pensions. Ten years earlier the total number receiving private pensions was probably less than 400,000, and their pensions were much less likely to be supplementary to old-age and survivors insurance benefits.

Employment.—In June 1958, only 1 in 5 aged persons had paid work. Slightly more than one-fourth—compared with one-third in June 1948—had income from employment if women who are not themselves employed but married to earners are included. The total of almost 4 million with some income from employment in mid-1958 is nevertheless slightly larger than the comparable estimate for 1948. The diminishing importance of employment as an income source for aged persons would have been even greater had it not been for the long-term trend toward increased labor-force participation by older women.

The report of the Bureau of the Census on the labor force in June

¹ For highlights from preliminary tabulations on income received during the preceding year and a brief description of the survey, see the *Social Security Bulletin*, August 1958. Data used in the present article on types of income received in the last month of the survey year were tabulated for the purpose of preparing these estimates and are being published for the first time. They relate to all beneficiaries aged 65 and over, including a small number widowed or separated during the year who were omitted from the published reports on income during the survey year.

² These figures are from unpublished data made available by the Civil Service Commission. See also *Report on Civil Service Annuitants Requested by Committee on Post Office and Civil Service*, House of Representatives, 85th Congress, Second Session, Committee Print, March 25, 1958.

³ See Alfred M. Skolnik and Joseph Zisman, "Growth in Employee Benefit Plans," *Social Security Bulletin*, March 1958, and "Growth in Employee Benefit Plans, 1954-57," *Social Security Bulletin*, March 1959.

1958 shows that, of all workers aged 65 and over, about 22 percent worked in agriculture and 78 percent in non-farm pursuits; of the aged men who were employed, 27 percent were in agriculture and 73 percent in non-farm work. Of the nonfarm male workers, 30 percent worked fewer than 35 hours a week. Part-time work generally brings small earnings, of course. Moreover, many older workers are on the job only part of the year, so that their annual earnings may be small even if they work a full week while on a job. In 1957 only about one-fifth of all men aged 65 and over and 4 percent of all aged women were year-round, full-time earners. Their annual income was roughly two and one-half to three times that for all aged persons — \$3,430 compared with \$1,420 for men and \$2,010 compared with \$740 for women.⁴

It is not surprising, therefore, that roughly 2.5 million aged persons with some income from employment were also receiving benefits under an income-maintenance program. According to the sample survey of the Bureau of Old-Age and Survivors Insurance, about one-fourth of the men who received a benefit check for the last month of the survey year had some earnings in that month and more than one-fifth of the women beneficiaries were earners or wives of earners.⁵ More than a third of the retired beneficiaries had some earnings during the preceding year. Beneficiaries of other public retirement programs would probably be about as likely to work as old-age and survivors insurance beneficiaries: Their higher average benefit levels make supplementation somewhat less urgent, but this may be offset by the

⁴ Bureau of the Census, *Current Population Reports: Series P-57, Labor Force*, No. 192, and *Series P-60, Consumer Income*, No. 30.

⁵ The exclusion from the sample of beneficiaries on the rolls less than a year might be expected, on the one hand, to result in an underestimate of the number with earnings, because the retired workers included in the survey were 1 year older, on the average, than all retired beneficiaries. On the other hand, it is possible that many aged persons stop work and apply for benefits only because of illness, and they may later reenter the labor market and find at least part-time work.

fact that earnings outside the railroad industry (regardless of amount) do not generally result in suspension of railroad retirement benefits (other than survivor benefits) and earnings in industry generally have no effect on pensions of former Government employees. The male annuitants aged 65 and over of the Federal civil-service retirement system (studied in 1957) reported earnings almost as frequently as did old-age and survivors insurance beneficiaries but female annuitants reported earnings only about half as often as women drawing old-age and survivors insurance benefits based on their own earnings record.

That the liberalizations in the "retirement test" provisions have had a significant effect on employment of persons drawing benefits is suggested by the fact that the proportion of retired workers (with old-age and survivors insurance benefits in current-payment status) with earnings was almost twice as large late in 1957 as in the fall of 1951, according to the national sample surveys conducted in those years. The age at which full benefits were payable regardless of earnings was 75 in 1951 and 72 in 1957.⁶ In 1951 benefits were, in essence, not payable for any month in which a beneficiary under age 75 earned \$50 or more in covered employment. In 1957 benefits were not payable for 1 or more months to a beneficiary under age 72 who earned more than \$1,200 from any source, except that they were not withheld for any month in which he neither earned more than \$80 in wages nor rendered substantial services in self-employment.

Public assistance and support by relatives.—With the rapid expansion of the old-age, survivors, and disability insurance program, old-age assistance serves increasingly to supplement insurance benefits that do not meet the needs of aged persons as measured by State standards of need. Most often there is supplementation because the insurance benefits

⁶ The provision in effect from 1951–54 that full benefits were payable regardless of earnings only to persons aged 75 and over was relaxed to apply to persons aged 72 and over after 1954.

are small as a result of low average earnings, in other instances because of medical care or other special needs. In June 1958, when 1 in every 6 aged persons—2.5 million—received old-age assistance or aid to the blind, a fourth of them were old-age and survivors insurance beneficiaries; in 1948, when more than 1 in every 5 of the aged received assistance, only one-sixteenth of this group was on the beneficiary rolls.⁷

The estimate for June 1958 was prepared by extrapolating data reported by the States for February 1958. The distribution of the cases between men and women is based on the findings of the 1957 beneficiary survey made by the Bureau of Old-Age and Survivors Insurance.

In June 1958, four-fifths of the men and three-fifths of the women with no income from employment or social insurance received public assistance. Ten years earlier, fewer than half the men in this situation and slightly more than a third of the women were on the assistance rolls. This change probably reflects some liberalization of State assistance standards and possibly also the fact that persons without income from employment or social insurance in 1958 were older, on the average, than those in 1948 and therefore more likely to have special needs. During the same 10 years the proportion of aged persons having some income from employment or social insurance increased about 50 percent (from 63 percent to 90 percent for men and from 40 percent to 69 percent for women). Both developments reflect the striking improvement in public income-maintenance provisions.

Cash contributions from relatives or friends not living in the same household appear rather negligible as an income source for aged persons as a group. According to the 1957 survey, only 5 percent of the old-age and survivors insurance beneficiary couples and single retired men and 12 percent of the nonmarried women beneficiaries were helped at any time

⁷ See Sue Ossman, "Concurrent Receipt of Public Assistance and Old-Age and Survivors Insurance," *Social Security Bulletin*, September 1958, for additional detail on the numbers receiving insurance benefits and old-age assistance concurrently.

during the preceding year by cash contributions from relatives outside the household. Other beneficiaries had medical bills paid by such relatives.

Information from earlier studies suggests that cash contributions would not be any more important for nonbeneficiaries than for beneficiaries. Persons still in the labor force on a reasonably full-time basis are less likely than other aged persons to need help from relatives, and those on public assistance rolls are apparently less likely to have relatives able to contribute.⁸

Some form of subsidization by relatives with whom an aged person shares a home is probably much more common. In the spring of 1958, it is estimated from Bureau of the Census reports, more than two-fifths of all persons aged 65 and over were in households with relatives other than the spouse or minor children. The proportion was higher for women than for men, as would be expected, because their incomes are lower and they are older and more likely to be widowed. The 1957 beneficiary survey found fewer than a fourth of the retired couples sharing a home with relatives but more than two-fifths of the nonmarried retired workers and almost half the aged widows. Information collected on the financial arrangements of members of these households, when analyzed, should throw light on the extent to which the aged are partially supported by relatives living with them and the extent to which the aged may contribute to the support of others.

Asset income. — According to the findings of the 1957 survey of old-age and survivors insurance beneficiaries, nearly three-fourths of all beneficiary couples, three-fifths of the nonmarried women beneficiaries, and half of the single male retired workers had some liquid assets—that is, they had cash in bank accounts, postal savings, shares in savings and loan associations or credit unions, stocks, bonds, mortgages on real estate, and loans

to others.⁹ Income from assets, defined to comprise net rents, dividends, and interest (including accrued interest on savings accounts), was received at some time during the year by more than half of all old-age and survivors insurance beneficiaries — roughly four-fifths the number having some liquid assets. Similar information is not available for the total aged population, but it seems probable that the proportion with income

Table 3.—Extent of homeownership, living arrangements of owners, and equity in nonfarm homes for aged OASI beneficiaries, by type, 1957

Item	Beneficiary couples ¹	Single retired beneficiaries	Aged-widow beneficiaries
Percent of all beneficiaries owning homes.....	70.5	32.4	45.8
No relatives in home.....	55.9	19.3	26.9
Relatives in home.....	14.6	13.1	18.9
Median amount of equity ² in nonfarm homes owned by beneficiaries.....	\$8,100	\$6,100	\$8,000

¹ Couples with the husband a retired worker, whether or not the wife was entitled to benefits. Includes also a small number with the wife the retired worker and the husband not entitled to benefits.

² Owner's estimate of current value, less any mortgage or other debt on home.

Source: Bureau of Old-Age and Survivors Insurance, 1957 beneficiary survey.

from assets was at least as high for older workers and for persons receiving benefits under other retirement or survivor programs. If so, even if all persons primarily dependent on public assistance and half the others without income from employment or social insurance were assumed to be entirely without assets, the proportion of all aged persons with some income from assets would approach 50 percent.

The number with interest, dividends, or rents is not, however, an indicator of economic welfare. All evidence points to the fact that a very small proportion of the aged have large holdings and receive large returns on their investments and that the great majority have modest holdings from which they receive only

small amounts of income. A survey made for the Federal Reserve Board early in 1957 found that 45 percent of all spending units headed by a person aged 65 or over had financial assets of less than \$500 or none at all and that 35 percent had \$2,000 or more (including 11 percent with holdings of \$10,000 or more). Of this latter group, two-fifths had annual money income of at least \$5,000 and one-fifth had \$3,000–\$5,000; of the aged spending units whose financial assets amounted to less than \$1,000, 90 percent had incomes of less than \$3,000.¹⁰

The median amount of liquid assets¹¹ held by old-age and survivors insurance beneficiaries with such assets at the end of 1957 was \$2,800 for couples, \$2,600 for widows, and \$1,950 for single retired workers. Two-thirds of the couples and of the widows and three-fourths of the single retired workers had no money income or less than \$75 per person for the year in the form of interest, dividends, or net rents.

Some aged persons receive periodic payments under individual annuities and supplementary life insurance contracts. At the end of 1957, an estimated 1½ million persons of all ages were receiving such payments. A considerable number were probably aged widows without income from earnings or social insurance, but many were also younger persons benefiting under family-income policies.

Homeownership.—The home is far and away the most important asset of older persons—even though nonmarried persons are much less likely

¹⁰ See "Survey of Consumer Finances: The Financial Position of Consumers," *Federal Reserve Bulletin*, August 1957 and September 1958. Cross tabulation of asset holders by income is unpublished. Financial assets are defined to include checking accounts, savings deposits, savings and loan and credit union shares, all types of bonds, and corporate stock. The spending unit is defined to include all related persons living in the same dwelling who pool their incomes for major expenses and also persons living alone.

¹¹ Defined to include all types of stocks and bonds and personal notes held by the beneficiary—a broader definition of liquid assets than in the Surveys of Consumer Finances.

⁸ For a discussion of data from a number of surveys conducted in the early 1950's, see Lenore A. Epstein, "Economic Resources of Persons Aged 65 and Over," *Social Security Bulletin*, June 1955.

⁹ See "Assets and Net Worth of Old-Age and Survivors Insurance Beneficiaries: Highlights From Preliminary Data, 1957 Survey," *Social Security Bulletin*, January 1959.

to own a home than to have some liquid assets. Equity in their home has traditionally accounted for a major portion of the net worth of aged persons. Among old-age and survivors insurance beneficiaries, for example, at the end of 1957 more than two-thirds of all couples, nearly half the widows, and one-third of the other beneficiaries owned their homes (table 3). When the small number of owned farm homes is excluded, it is found that the median equity exceeded \$8,000 for retired couples and widows and \$6,000 for the nonmarried retired beneficiaries.

Because most of the homes owned by aged persons are mortgage free—87 percent in the case of old-age and survivors insurance beneficiaries in 1957—the current housing costs of most of the homeowners should be relatively modest, making it possible for them to stretch their cash incomes farther than nonowners having the same amount. It is noteworthy, however, that the lower the income, the less common was homeownership.

Table 4.—Percentage of aged OASI beneficiaries owning home, by total money income from all sources, and income other than OASI benefits, 1957

Item	Beneficiary couples ¹	Single retired beneficiaries	Aged widow beneficiaries
Total	70.5	32.4	45.8
Money income, all sources:			
Less than \$1,200	64.5	27.6	40.7
1,200-2,399	69.7	35.9	53.5
2,400 or more	73.2	44.6	68.0
Money income other than OASI benefits:			
None	54.7	19.4	30.3
Some	71.0	35.2	50.7

¹ Couples with the husband a retired worker, whether or not the wife was entitled to benefits. Includes also a small number with the wife the retired worker and the husband not entitled to benefits.

Source: Bureau of Old-Age and Survivors Insurance, 1957 beneficiary survey.

Among old-age and survivors insurance beneficiaries, this differential was particularly marked among single retired-worker and widow beneficiaries (table 4). It is noteworthy also that beneficiaries whose only income came from old-age and survivors insurance benefits were much less likely to own their home than beneficiaries with some income

from other sources, although the amount of such extra income had no apparent relationship to ownership.

Aged persons who maintain a home by themselves—whether they own or rent—are usually considered the more well-to-do among the aged. Because of the relationship of homeownership to income, therefore, homeownership might be presumed more common among those living by themselves than among those living with relatives. The findings from the beneficiary survey bear out this assumption but to a lesser degree than might have been anticipated. Seven out of 10 of the beneficiary couples living by themselves were homeowners, compared with 6 out of 10 couples not living alone. Among nonmarried beneficiaries there was even less difference; the corresponding proportions of homeowners were 38 percent and 34 percent, respectively. Indeed, more than one-fifth of the homeowning couples and two-fifths of the nonmarried homeowners shared their home with relatives (table 3). These proportions may reflect the fact that, though the home is sometimes shared because of financial pressure, it is also shared because children may not have married and moved out, a desire for companionship, or need for care in case of illness.

Size of Income

By its very nature, retirement income tends to be small. The average benefit paid to retired workers under the old-age, survivors, and disability insurance program, for example, was \$71.62 for February 1959, after the increase of approximately 7 percent provided by the 1958 amendments to the Social Security Act went into effect. For aged widows the average was \$55.88. Moreover, according to the 1957 beneficiary survey, benefits provide practically all the money income of about one-fourth of the aged beneficiaries.

Payments under other social insurance programs tend to be larger, as shown by the averages in table 5. Federal civil-service annuitants, who are in a relatively favorable position, are about as likely as old-age and survivors insurance beneficiaries to be primarily dependent on their benefit. The special survey of this group

conducted in 1957 shows that, of all employee annuitants retired before October 1956, 28 percent had no income other than their civil-service annuity. For the whole group, the annuity constituted 59 percent of total income.

Table 5.—Average monthly payments to retired-worker beneficiaries under three social insurance programs, to veterans of World War I receiving pensions, and to old-age assistance recipients, June 1948 and June 1958

Program	Average monthly payment	
	June 1948	June 1958
Retired workers under:		
Old-age, survivors, and disability insurance	\$25.13	\$65.66
Railroad retirement ¹	70.13	114.92
Federal civil-service retirement ²	89.25	144.53
Veterans of World War I receiving pensions ³	62.53	76.54
Old-age assistance recipients	38.18	61.92

¹ Employee annuities, whether retirement was on account of age or disability.

² Based on average annual annuity rate at the end of June, for persons receiving regular annuities who retired on account of age or disability.

³ Average payment for fiscal years 1947-48 and 1957-58 to all World War I veterans receiving pensions for non-service-connected disability, regardless of age. Pension rate at attainment of age 65 was \$72 in 1948, \$78.75 in 1958.

Source: Reports by administrative agencies.

As previously noted, only about one-fifth of all aged men, or less than half of those with work experience in a year, are full-time earners. Moreover, relatively few persons have assets of sufficient size to yield substantial income.

Income of persons.—Translated into a distribution by size of income, the facts previously presented mean that about three-fifths of all persons aged 65 and over had less than \$1,000 in money income in 1958 and that another one-fifth received \$1,000-\$2,000 (table 6). Of the men, 2 in 5 had less than \$1,000 and 1 in 3 had \$2,000 or more. The survey data do not include aged persons in institutions—estimated at roughly 400,000—who characteristically have incomes below the average.

The latest data on the income of the aged published by the Bureau of the Census relate to 1957, but advance reports on 1958 incomes for the

Table 6.—Percentage distribution of persons aged 65 and over by total money income in 1948 and 1957, by sex

[Continental United States; noninstitutional population]

Money income class	Total			Men			Women		
	1948		1957	1948		1957	1948		1957
	In 1948 dollars	In 1957 dollars ¹		In 1948 dollars	In 1957 dollars ¹		In 1948 dollars	In 1957 dollars ¹	
Number ² (in thousands)	11,590	11,590	14,570	5,500	5,500	6,660	6,100	6,100	7,910
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than \$1,000 ³	73.7	68.1	60.3	55.6	48.2	37.7	89.9	86.0	79.3
Zero	31.8	31.8	17.5	10.9	10.9	4.8	50.6	50.6	28.2
\$1-499	21.1	19.1	16.0	20.7	19.1	9.1	21.4	19.1	21.8
500-999	20.6	17.2	26.8	23.7	18.2	23.8	17.8	16.3	29.3
1,000-1,999	13.1	16.5	20.2	20.0	23.8	28.3	6.8	10.0	13.4
1,000-1,499	8.5	11.6	12.9	12.7	15.8	17.4	4.6	7.8	9.0
1,500-1,999	4.6	4.9	7.3	7.3	8.0	10.9	2.2	2.2	4.4
2,000-2,999	6.8	6.7	7.9	12.3	11.6	12.8	1.7	2.2	3.7
3,000-4,999	4.3	5.7	6.9	8.1	10.7	12.5	1.0	1.1	2.3
5,000 or more	2.2	3.0	4.7	3.9	5.5	8.7	.5	.7	1.4

¹ Estimated roughly by converting the limits of each income class in 1948 to 1957 dollars on the basis of the change in the BLS consumer price index and then recalculating the number of persons at each revised income level.

² Estimated totals in survey months—April 1949 and March 1958; original estimates for April 1949 adjusted to correspond to most recent population estimates.

³ Includes a small number who reported a net loss for the year. The proportion with zero income is probably overstated; see text discussion.

Source: For distribution in current prices, Bureau of the Census, *Current Population Reports: Series P-60, Consumer Income*, Nos. 6 and 30; for revised population estimates, Series P-25, *Population Estimates*, No. 98.

whole population recently released by the Department of Commerce and the Federal Reserve Board¹² suggest that the distribution of consumer income for 1958 was similar to that in 1957 and 1956. For the aged, gains in the number receiving social insurance benefits and in the size of the average benefit were probably offset by the continuing decline in labor-force participation by aged men. With the 1959 rise in benefits under the old-age, survivors, and disability insurance program, the distribution for this year should appear somewhat more favorable.

The data show substantial improvement in dollar terms since 1948. When the 1948 distributions are adjusted for the 17-percent price rise recorded by the BLS consumer price index, however, the gain is less marked. It is not possible to measure the price rise precisely as it affected the aged. The index probably yields an understatement of this rise because items such as medical care, which have increased in cost much more than the other consumer goods and services, claim a relatively larger

¹² Department of Commerce, *Survey of Current Business*, April 1959, and Federal Reserve Board, *Federal Reserve Bulletin*, March 1959.

share of the resources of persons aged 65 and over than of the worker's family whose expenditure patterns form the basis of the consumer price index. It is also possible that the aged and other low-income groups whose expenditures for current family living normally take all or nearly all their income find adjustment to rising prices more difficult than groups with higher income.

Such summary data on the distribution of income by size are useful indicators in planning programs relating to the needs of indigent individuals, even though they show as without money income married women who are supported entirely by their husbands.

In the preceding analysis of income sources, wives were treated as having income from employment or social insurance if their husbands had such income. If a similar procedure could have been followed with data on amount of income and half the husband's income were to be allocated to his wife, it is probable that the majority of the wives classified as without income (about two-fifths of all aged wives) would remain at the bottom of the income range because more than half the married men received less than \$2,000 (table 7). It

is particularly significant, however, that nearly half the women classified as without income in 1956 were single, widowed, or divorced. This group, 14 percent of all aged women in 1956,

Table 7.—Distribution of persons aged 65 and over by money income in 1956, by sex and marital status

[Continental United States; noninstitutional population; in thousands]

Money income class and place of residence	Aged men			Aged women		
	Total	Married	Other	Total	Married	Other
Total	6,580	4,580	2,000	7,720	2,860	4,860
Less than \$2,000	4,340	2,720	1,620	7,200	2,800	4,400
Zero	370	140	230	2,210	1,190	1,020
Nonfarm	300	120	180	1,910	980	930
Farm	70	20	50	300	210	90
1-1,999	3,970	2,580	1,390	4,990	1,610	3,380
Nonfarm	3,260	2,080	1,180	4,480	1,380	3,100
Farm	710	500	210	510	230	280
2,000-3,999	1,410	1,140	270	390	40	350
Nonfarm	1,170	920	250	370	40	330
Farm	240	220	20	20	(²)	20
4,000 or more ¹	830	710	120	130	10	120

¹ All persons on farms with incomes of \$2,000 or more included in the \$2,000-\$3,999 group because no breakdown is available.

² Less than 5,000.

Source: Derived from data in table 5, in Bureau of the Census, *Current Population Reports: Series P-20, Population Characteristics*, No. 81.

must have lived with adult children, other relatives, or friends who maintained them.

Income of aged couples and individuals living alone.—For many purposes, of course, distributions of the aged by size of income are more meaningful if presented for couples or other aged persons who live alone and for couples or other aged individuals who share a home with relatives. Unfortunately, Bureau of the Census data are usually presented either for persons only or for all families with an aged head.

Such family income data are difficult to interpret because the family members may not form a meaningful economic unit. The income total may include substantial amounts of income received by younger family members. Moreover, aged persons who are not family heads (or their wives), and who are likely to have the smallest incomes, are in effect "lost" in such an analysis. The Social Security Administration therefore purchased from the Bureau of the

Census special tabulations of 1956 income data for husband-wife families with head aged 65 or over and also for aged men and women living alone or with nonrelatives. Similar data are available only for 1951. For that year, the Bureau of the Census carried out for the Institute of Industrial Relations of the University of California a nationwide survey of the aged with the married couple as the

Table 8.—Families with head aged 65 or over by total money income in 1956 and by employment status of head in March 1957, by family status

[Continental United States; noninstitutional population; numbers in thousands]

Money income of family and employment status of head	All families	Husband-wife families			Other families ²
		Total	Without relatives in household ¹	With relatives in household	
Number.....	5,741	4,292	3,071	1,221	1,449
Total percent.....	100.0	100.0	100.0	100.0	100.0
Less than \$2,000.....	39.7	41.6	48.3	23.3	34.1
2,000-3,999.....	28.3	28.4	29.7	24.8	28.0
4,000-5,999.....	15.5	14.7	12.6	20.4	17.9
6,000 or more.....	16.5	15.3	9.4	31.4	20.0
Median income:					
All families.....	\$2,550	\$2,420	\$2,080	\$4,200	(³)
With head employed ⁴	2,066	1,790	(³)	(³)	276
With head not employed ⁴	3,675	2,502	(³)	(³)	1,173

¹ Includes a small number with own children under age 18; 180,000 husband-wife families with aged head had children.

² 393,000 families with male head and 1,056,000 with female head.

³ Not available.

⁴ In survey week, March 1957.

Source: Bureau of the Census, *Current Population Reports: Series P-20, Population Characteristics*, No. 53, and Series P-60, *Consumer Income*, No. 27; and unpublished tabulations prepared for the Social Security Administration.

basic economic unit, designed to yield money income data for aged couples and individuals, whether living alone or sharing a home with relatives.¹³

Certain problems of interpretation are illustrated by the income data based on the special tabulations for 1956 (table 8). For married couples they show clearly the effect that the

¹³ For detailed findings, see Peter O. Steiner and Robert Dorfman, *The Economic Status of the Aged*, University of California Press, 1957.

presence of relatives other than the wife has on size of income. The fact that, contrary to the situation in the general population, the family income distribution is less favorable for aged husband-wife families than for other families with aged head suggests that much of the income of the latter is contributed by other members. Nearly three-fourths of the "other" families had an aged woman as head and barely a fifth reported the head as employed.

Comparison of the distribution of couples with and without relatives in the household according to the money income of the head gives further evidence that data on the income of all families with aged head cannot be interpreted with precision. As shown by the following figures, there were no significant differences in the income of the family head for aged couples when there were other relatives in the home and when there were not.

Income of head	Without relatives	With relatives
Percent with:		
Less than \$2,000.....	58.0	58.9
6,000 or more.....	7.3	6.6
Median amount.....	\$1,650	\$1,580

Similar statistics from the Bureau of the Census are not available on the total income of couples who do not live by themselves. Information collected in the survey made by the Bureau of Old-Age and Survivors Insurance on 1957 income of beneficiaries shows, however, that those who shared a home with relatives had considerably lower incomes than those living alone. The point is illustrated by the following data for beneficiary couples.

Money income	Percentage distribution	
	Without relatives	With relatives
Total.....	100.0	100.0
Less than \$1,200.....	12.1	17.4
1,200-1,799.....	20.4	25.4
1,800-2,399.....	19.6	21.8
2,400-2,999.....	15.1	11.5
3,000-3,999.....	15.7	11.0
4,000-4,999.....	8.3	6.8
5,000 or more.....	10.7	6.1

The family head provided, on the average, about four-fifths of the income of the couple—as measured by median figures for couples who did not share a home with relatives—according to the Bureau of the Census data. The proportion is somewhat less than that for married couples of all ages, probably because aged women are nowadays more likely than younger women to have income in their own name because of the social insurance programs.

On a per capita basis, both the 1951 and the 1956 incomes of aged individuals living alone or with nonrelatives were somewhat less than half those of couples with an aged head, judged by the median amounts (table 9). The improvement from 1951 to 1956 was smallest for the aged men not living with relatives and most substantial for the aged women. Nevertheless, for both the men and the women as well as the couples not living with relatives, the proportion with incomes of less than \$500 per person dropped by at least 50 percent. For women and for couples the proportion having as much as \$2,500 per person about doubled. This gain was the more significant because the price rise during the 5-year period was moderate (about 5 percent according to the consumer price index).

The relative income position of old-age and survivors insurance beneficiaries and nonbeneficiaries is a matter of considerable interest, but it is possible to make comparisons only for couples living alone and for unrelated individuals. The data available show clearly that the beneficiaries are more likely to be found in the middle of the income range for all aged persons. They are, of course, much less numerous in the lowest-income class. They are likewise relatively less numerous in the higher income classes, which include most of the full-time earners. The income distribution for nonbeneficiaries can only be approximated,¹⁴ but the differences in income between them and the beneficiaries are so large that

¹⁴ It was assumed that the 1956 income data for all aged were directly applicable to 1957, which may lower the distribution, and that institutional residents have the same income as noninstitutional residents, which may raise it.

there can be no question that they are real. The following tabulation shows for all aged couples living by themselves and for unrelated elderly individuals in specified income classes the percentage drawing old-age and survivors insurance benefits:

Money income	Percent
Couples living alone:	
Less than \$1,500.....	47.7
1,500-5,000	96.7
5,000 or more.....	52.0
Unrelated individuals:	
Less than \$1,000.....	37.2
1,000-3,000	87.5
3,000 or more.....	54.0

Aggregate Income

Monthly benefit payments to persons aged 65 and over under the old-age, survivors, and disability insurance and the railroad retirement programs aggregated \$7.3 billion during the year 1958 (\$6.7 billion and \$0.6 billion). Under retirement programs for public employees and compensation and pension programs for veterans, it is estimated roughly that payments to persons aged 65 and over amounted to more than \$1½ billion but less than \$2 billion. Cash payments to aged persons under the public assistance program totaled \$1.7 billion.

Because of the great interest in the contribution of social insurance and public assistance to the support of the aged, it is useful to try to relate such payments to the total money in-

come of all aged persons in the United States. There is no basis for estimating separately the aggregate income of aged persons from various sources such as employment, assets, private pensions, or cash contributions from relatives. Given the Bureau of the Census data on the income distribution of the aged population in 1957, however, it is possible to estimate, very roughly, that their total income from all sources for the calendar year 1958 was \$24-\$27 billion.¹⁵

Payments under social insurance and related programs would then have amounted to 33-39 percent of this total, depending on the assumptions made about the aggregate amount of such payment and the extent of underreporting of income in the Bureau of the Census survey. Total payments under all public income-maintenance programs, including public assistance, were almost certainly more than 40 percent of the aggregate income of all aged persons in 1958.

¹⁵ This range is calculated from Bureau of the Census data on the 1957 income of aged persons in the noninstitutional population of the continental United States. The distribution of 1957 income for aged men and women yields mean income figures of \$2,100 and \$800, respectively. On the assumption that average incomes in 1958 were the same as in 1957 and that they can be applied to the aged population in the total United States, the aggregate would be \$21.7 billion. Adjustment to take account of the underreporting known to exist in field surveys of income raises the total to \$24-\$27 billion.

Table 9.—Percentage distribution of couples with head aged 65 or over and of unrelated individuals aged 65 and over, by money income in 1951 and 1956

(Continental United States; noninstitutional population)

Money income class	Aged couples without relatives in household		Aged persons living alone or with nonrelatives			
			Men		Women	
	1951	1956	1951	1956	1951	1956
Total..	100.0	100.0	100.0	100.0	100.0	100.0
Less than \$500.....	15.2	6.3	33.2	16.8	46.0	22.3
500-999.....	20.1	9.8	35.5	36.3	34.9	36.7
1,000-1,499..	16.2	18.8	9.7	15.8	8.2	18.3
1,500-1,999..	10.4	13.4	5.8	11.0	4.8	9.6
2,000-2,499..	8.4	11.0	4.2	7.0	2.6	4.3
2,500-2,999..	5.3	8.3	3.1	3.9	.9	1.7
3,000-4,999..	15.9	17.4	6.2	7.2	1.3	5.0
5,000-9,999..	6.2	11.7	1.6	2.0	1.4	1.3
10,000 or more...	2.3	3.3	.8	(1)	(1)	.8
Median income..	\$1,460	\$2,080	\$740	\$960	\$560	\$880

¹ Less than 0.5 percent.

Source: For 1956, Bureau of the Census, unpublished tabulations; for 1951, Peter O. Steiner and Robert Dorfman, *The Economic Status of the Aged*, University of California Press, 1957 (table 202).

There can be no question as to the importance of these programs to the welfare of the aged. At the same time, it is clear that the public income-maintenance programs play a more significant role in terms of the number of persons for whom they provide a regular source of income than in terms of the amount they contribute to the total income of the aged.