RETIREMENT PAYMENTS FOR RAILROAD WORKERS

A. G. SILVERMAN AND JOSEPH J. SENTURIA *

Because of the basic interrelationships of these two Federal retirement systems, it is believed that the following summary of operations under the Railroad Retirement Acts is of special significance to persons concerned with policies and administrative procedures in the old-age insurance system administered by the Social Security Board. For a considerable number of workers, old-age security will involve provisions of both systems. The Social Security Board is happy to announce that, through the cooperation of the Railroad Retirement Board, summary data will be published monthly concerning that agency's important activities in the field of old-age security.

The Railroad Retirement Act of 1935 and the amendatory act of 1937 established a Federal retirement system for all employees of the railroad industry to permit the immediate retirement, on relatively high annuities, of large numbers of aged workers still employed or who had rights to employment in the industry at the time of the passage of the acts and to provide for orderly retirement of railroad workers currently reaching retirement age thereafter. It was expected that the law, by encouraging retirement of older workers, would create additional employment and promotion opportunities for younger railroad workers. The act also provides annuities at retirement age for all employees who have ever been covered by the act, to the extent of their credited earnings and years of service, whether or not they last worked for an employer under that act and in addition to any annuities payable to them under title II of the Social Security Act.

At the time of the establishment of the railroad retirement system there was a large accumulation of older workers in the railroad industry. The severe reduction in railroad employment between 1924 and 1933, which fell most heavily on employees with short service, increased the proportion of employees 65 and over, almost all of them with long years of service in the industry. Many employees tended to remain in service long after age 65. The normal age of retirement under the great majority of the private pension plans established by the railroads was 70, and the average age at retirement was between 68 and 69.

Some employees worked for employers who had no private pension plans, and others could not qualify under such plans. After 1932 the number of older workers who were retired under private pension plans decreased. The depression further increased the number of older persons remaining on the job by tending to increase the financial burden resting on them because of the unemployment of other members of the family, or by making it less likely that they would be supported by their families or would have means of support other than their own earnings.

The protracted litigation over the Railroad Retirement Act of 1935 and the general uncertainty as to the future of the system further increased the number of persons who remained in active service beyond age 65. Employers hesitated to assume pension burdens for employees who might shortly be granted annuities under the railroad retirement system. Some employees who might have retired under private pension plans did not do so because they preferred to come under the Federal retirement system. Many employees ineligible for pensions under private pension plans remained on the job until the Federal system which would include them was definitely established.

To enable aged workers to retire immediately and others to retire as they became 65, the successive railroad retirement acts provided for annuities based not only on years of service subsequent to the establishment of the system but also on credit, up to 30 years, for service prior to the beginning of the system. Individuals who on August 29, 1935, were in an employment rela-

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*Railroad Retirement Board, Bureau of Research and Information Service.

1 A study made by the Federal Coordinator of Transportation found that, on 13 selected roads studied, the total number of employees 65 and over increased from 3,961 or 1.4 percent of the total on July 1, 1924, to 5,668 or 2.4 percent on July 1, 1929, and 6,792 or 3.6 percent on Dec. 31, 1933.

2 Only so much prior service is creditable as will bring total credited service, including subsequent service, to 30 years.
tion to an employer under the act, as well as those who were on that date in the active service of such an employer, are eligible under the 1937 act for credit for service prior to January 1, 1937. Under the 1935 act credit is given for service prior to March 1, 1936, to individuals who were in active service or in an employment relation on or after August 29, 1935. The Railroad Retirement Act of 1934, which was held unconstitutional by the United States Supreme Court on May 6, 1935, had made retirement compulsory. In the 1935 act, the compulsory provision was dropped, but a reduction in the amount of the annuity was provided for employees, except officials and employee representatives, who remained in service between the ages of 65 and 70, unless they filed with the Board a continuance-in-service agreement signed by themselves and their employers, and for all employees who remained in service after reaching 70. The amendatory Railroad Retirement Act which became law on June 24, 1937, contains no direct penalty for failure to retire at age 65. Retirement is encouraged by a relatively high level of annuities. For some time to come, but to a decreasing extent, this level is maintained by the grant of prior-service credit.

Railroad employees who are still in service at the age of 65 generally have long years of service and are most likely to be found in occupations with relatively high wages. The combined effect of these two factors was to make a large proportion of the older workers on the railroads immediately eligible for relatively high annuities, since the amount of the annuity is based on years of credited service and average monthly compensation. The portion of the annuity based on prior-service credit will decrease as credit for subsequent service increases, but for many years to come will continue to constitute the major element in employee annuities.

1 The fact that employees continue to pay taxes under the Carriers Taxing Act after reaching age 65 but receive no credit for the additional service may perhaps be considered an indirect penalty.

The annuity is calculated by taking 2 percent of the first $50 of the average monthly compensation, 11/2 percent of the next $100, and 1 percent of the balance and multiplying the sum of these three amounts by the number of years of credited service. The average monthly compensation earned by the individual during the period 1924 to 1931 is taken as applicable to his entire period of prior service in determining his average monthly compensation for computing the amount of his annuity. The average monthly compensation for his period of subsequent service is the actual average of monthly earnings. In computing average monthly compensation, only months in which there was some employment are counted. Compensation in excess of $300 in any 1 month from 1 or more employers is excluded from credited compensation.

Coverage and Financing

Records of credited compensation earned in each month after December 31, 1936, for each employee of all employers under the act are maintained by the Railroad Retirement Board from quarterly reports made by employers. Service and compensation prior to January 1, 1937, are adjudicated on the basis of a check of pay-roll or other records in the possession of employers. The Board's records of credited compensation

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<th>Fiscal year and month</th>
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<td>Total, 1936-39</td>
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1 Adjustment of taxes previously reported in error.

Source: Daily Statement of the U. S. Treasury.

after December 31, 1936, do not show the total number of employees who have rights under the Railroad Retirement Act, since some individuals have received and others will receive annuities solely on the basis of prior service. The number of such individuals, however, is very small in proportion to the total now covered by the act.

To the end of June 1938 a total of approximately 2.1 million persons had acquired credits under the railroad retirement system for service subsequent to December 31, 1936. Of these, approximately 1.9 million had received social security account numbers in the block of numbers reserved for the railroad retirement accounts, and the remaining 200,000 had obtained their social security account numbers outside the railroad series, prior to entering or reentering compensated employment under the Railroad Retirement Act. Such persons retain their social security account numbers under the railroad retirement system but are required, as are those who receive social security numbers under the railroad retirement system for service subsequent to December 31, 1936.
security account numbers in the railroad retirement series, to register with the Railroad Retirement Board on a Carrier Employee Registration form.

Between July 1, 1938, and May 31, 1939, a total of approximately 222,000 new carrier-employee registrations was received by the Railroad Retirement Board. Of these, approximately 57,000 were new account numbers issued in the railroad retirement series, and approximately 165,000 represented account numbers outside this series. After cancellation for duplications, there were, as of May 31, 1939, approximately 2.3 million persons who had credits recorded with the Railroad Retirement Board for service subsequent to December 31, 1936.

The total compensation credited to all employees under the Railroad Retirement Act, excluding compensation in excess of $300 in any one month from one or more employers, was approximately $2,232 million for 1937 and $1,980 million for 1938. The total compensation reported to the Interstate Commerce Commission for 1937 by railroads and switching and terminal companies, express and Pullman companies, and electric railways engaged in interstate commerce was approximately equal to the total creditable compensation reported to the Railroad Retirement Board by all employers under the Railroad Retirement Act. Allowing for the fact that the reports to the ICC include compensation in excess of $300, which constitutes about 1.5 percent of the total, and that there are minor differences between ICC and RRB coverage within the groups of employers mentioned above, these groups accounted for between 98 and 99 percent of the total compensation covered by the Railroad Retirement Act. This is a rough measure of the extent to which the coverage of the Railroad Retirement Act corresponds to the railroad industry as commonly understood. The remaining coverage represents certain carrier associations, the standard and certain other railway labor organizations, and certain carrier affiliates.5

The Carriers Taxing Act of 1937 provides for an excise tax on employers and an income tax on employees payable on compensation defined in terms identical with that of the Railroad Retirement Act of 1937.6 The amounts collected each month under the Carriers Taxing Act of 1937 are given in table 1. Congress has been appropriating amounts approximately equal to the anticipated receipts from those taxes to the railroad retirement system for benefits, investments for reserve purposes, and administrative expenses. The total appropriated for the payment of benefits and investment for reserve purposes was $146.5 million7 for the fiscal year 1937–38, $118.3 million for 1938–39, and $120.2 million for 1939–40. Total administrative expenditures to June 30, 1938, were $4.7 million. Appropriations for administrative expenses, including printing and binding and transfers to the Treasury to cover cost of handling payments under the act, were $3.0 million for the fiscal year 1938–39 and $3.3 million for 1939–40.

Table 2 shows the movement of funds appropriated for benefit payments and investment. Under the 1935 act, transfer of money appropriated by Congress for benefit payments was made directly from the general fund of the Treasury to the disbursing officer in the Treasury. Under the 1937 act, appropriations for benefit payments and investments are made to a railroad retirement account. On the basis of these appropriations, varying amounts are transferred from time to time to a railroad retirement account trust fund. Transfers to cover benefit payments are made from the trust fund to the disbursing officer in the Treasury, and amounts not immediately required for benefit payments are invested in special 3-percent Treasury notes. Because such transfers are generally made in round sums, a small balance has been maintained in the trust fund. The figures on benefit payments represent checks drawn by the disbursing officer in the Treasury and differ from figures given later in the article, which are based on amounts certified by the Board to the Secretary of the Treasury for payment of benefits.

Classes of Benefit Payments

Systematic reporting of the operations of an agency administering an aspect of social insurance

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5 For a detailed discussion of the coverage of the Railroad Retirement Act, see Railroad Retirement Board, *Annual Report*, 1938, ch. X.

6 The excise tax on employers and the income tax on employees begin at 2 3/4 percent each in 1937 and rise by 1/4 percent each every 3 years until they reach 3 3/4 percent each in 1949.

7 This includes a reappropriation of $46,620,000 originally appropriated for benefit payments under the 1935 act during the fiscal year 1936–37.
should logically follow the legislative provisions. For each type of benefit provided by law the reporting system should permit periodic reporting of the applications received, their disposition, the number and amount of new benefit payments, the termination of the payments for various causes, and the resulting changes in the number and amount of benefit payments in force. When the death of an employee annuitant brings into effect survivors’ rights to other types of benefit, the reports should trace the transition from one type of benefit to the other. They should reflect the rate at which applications are handled by the administrative machinery but should also show the rate at which applications from eligible individuals have been received.

In view of the administrative exigencies and difficulties which the Railroad Retirement Board faced, it is only natural that the Board should have paid much more attention to the certifica-

Table 2.—Financial operations under the Railroad Retirement Acts of 1935 and 1937, by months, July 1936—May 1939

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<tr>
<th>Year and month</th>
<th>Appropriations on balance of month</th>
<th>Transfers from appropriations to trust fund</th>
<th>Cancellations and repayments</th>
<th>Interest received by trust fund</th>
<th>S-percent special Treasury notes acquired</th>
<th>Deposits with disbursing officer for benefit payments</th>
<th>Balance with disbursing officer at end of month</th>
<th>Cash with disbursing officer at end of month</th>
<th>Balance in trust fund at end of month</th>
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Cumulative to May 31:

|                                  | 11,200,000                        | 218,914,142                        | 117,790                        | 1,077,125                        | 87,399,000                        | 193,678,880                        | 117,127,076                        | 10,862,006                        | 46,780                         |

1 Appropriation balance derived as follows: prior to July 1937, column 2, first of month; + column 4 = column 7; + column 6, first of next month; first of month, + column 2, first of next month. Balance as of July 1 includes appropriation for new fiscal year. Appropriations were $40,320,000 for 1928-29, $40,320,000 for 1929-30, and $40,320,000 for 1930-31. Appropriations for July 1937, representing cancelations and repayments of checks issued against 1935-act deposits, are not shown in table 2.

2 Includes transfers of 2,620,000 balance from 1935-act deposits with disbursing officers.

3 After transfer to appropriation of $5,360,000 balances from 1935-act deposits with disbursing officers.

4 Includes deposit of $1,000,000, representing cancelations and repayments of checks issued against 1935-act deposits. See footnote 8.

5 Includes deposit of $5,360,000 balance from 1935-act deposits with disbursing officer.

6 Includes transfers of 2,620,000 balance from 1935-act deposits with disbursing officer.

7 Includes deposit of $1,000,000, representing cancelations and repayments of checks issued against 1935-act deposits. See footnote 8.

8 Includes deposit of $5,360,000 balance from 1935-act deposits with disbursing officer.

9 Includes deposit of $1,000,000, representing cancelations and repayments of checks issued against 1935-act deposits. See footnote 8.

10 Includes deposit of $5,360,000 balance from 1935-act deposits with disbursing officer.

11 Includes deposit of $1,000,000, representing cancelations and repayments of checks issued against 1935-act deposits. See footnote 8.
tion of annuities than to the development of a complete and well-rounded reporting system. The number of aspects covered by the reporting system is constantly being increased, and early reports on other aspects are being checked and revised where necessary. Much still remains to be done in rounding out the Board's system of reporting. The preliminary nature of some of the figures presented in this article reflects the continuing process of expansion, clarification, and revision.

Under the act of 1935 and the amendatory act of 1937 the Board administers five classes of payments. These are:

1. **Employee annuities**, both disability and old age, paid to eligible individuals after retirement and based on their years of service and average monthly compensation with employers under the act.

2. **Survivor annuities**, paid to the surviving spouse of a deceased employee annuitant who duly elected a reduced annuity during his lifetime in order to provide a lifetime annuity for his surviving spouse after his death.

3. **Death-benefit annuities**, paid only under the 1935 act to the surviving spouse or dependent next of kin of a deceased employee who at the time of his death was entitled to receive an annuity. These death-benefit annuities are in monthly amounts equal to half the annuities paid or payable to the employee annuitants before their death, and are payable for 12 months only.

4. **Lump-sum death benefits**, paid only under the 1937 act to a designated beneficiary or to the deceased employee's legal representative. These benefits are equal to 4 percent of the compensation earned as an employee after December 31, 1936 (excluding compensation in excess of $300 in any one month), less the aggregate amount of any employee or survivor annuities that may have been paid or payable. If an employee annuitant has elected a joint and survivor annuity and his spouse is alive at the time of his death, the death benefit is not payable until after her death.

5. **Pensions** paid under the 1937 act to individuals who were on both March 1 and July 1, 1937, on the pension or gratuity rolls of employers under the act and who were not eligible on July 1, 1937, for annuities based in whole or in part on service prior to January 1, 1937. The pensions began July 1, 1937, and are equal in amount to the individual pensions or gratuities granted by employers, without diminution by reason of any general reduction or readjustment after December 31, 1930, but not to exceed $120 per month.

Up to and including October 1, 1937, there was also a sixth group of beneficiaries designated as “temporary pensioners.” These were carrier pensioners who on July 1, 1937, were eligible for annuities under either the 1935 act or the 1937 act and under the 1937 act could be paid pensions only until their annuities were awarded and certified, but not later than October 1, 1937.

**Total Disbursements for Benefits**

Table 3 gives the total payments authorized by the Railroad Retirement Board—or, more exactly, the total amount, minus cancellations, certified by the Board to the Secretary of the Treasury for payment, by class of payment and by months, from July 1936 through May 1939. These figures at present constitute the only data from which total payments authorized by the Board during each fiscal year and the grand total to date can be easily obtained. They give the amounts payable in, but not for, particular months. The first payment after certification of a claim is ordinarily for the period between the date the annuity begins (accrual date) and the month of certification, but such retroactive payments for more than one month are included in the month of actual payment and not allocated to the months for which they are payable.

The movement of the total amount of payments certified monthly to the Secretary of the Treasury, as shown in chart I, chiefly reflects changes in amounts certified for employee annuities. The one exception is the peak of July 1937, when the private pensioners were taken over and payments for both July 1 and August 1 were certified. The total amount certified for payment attained a
peak in December 1937, reflecting the peak of new certifications of employee annuities, which were higher in that month than in any other month. A second peak in March and April 1938 reflected a large number of new certifications and the first large number of recertifications at higher amounts, which involve an adjustment payment covering the increase in the amount of the annuity retroactive to the accrual date. Thereafter the increase was relatively gradual.

The tendency of total payments to parallel payments for employee annuities results from the fact that the greatest proportion of total benefit payments certified by the Board to date has been for employee annuities, both age and disability. Thus, of $185.3 million certified to the end of May 1939, $119.2 million or 64.3 percent went to employee annuities. Payments to permanent pensioners constituted 33.1 percent of all payments certified up to that time. No other class of payment constituted as much as 1 percent of the total. Survivor and death-benefit annuities together accounted for only 2.5 percent of total certifications prior to July 1, 1937, 1.2 percent during the fiscal year 1937-38, and 1.3 percent during the 11 months ended May 31, 1939.

Monthly payments of lump-sum death benefits were first made in January 1938. They consti-

Table 3.—Total amount of benefit payments certified to the Secretary of the Treasury in each month, by class of payment, July 1936-May 1939

<table>
<thead>
<tr>
<th>Fiscal year and month</th>
<th>Total payments</th>
<th>Employee annuities</th>
<th>Survivor annuities</th>
<th>Death-benefit annuities</th>
<th>Lump-sum death benefits</th>
<th>Permanent payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative through May 1939</td>
<td>54,534,359</td>
<td>111,721,063</td>
<td>1,105,511</td>
<td>3,380,679</td>
<td>2,583,795</td>
<td>861,268,588</td>
</tr>
<tr>
<td>July 1936-37</td>
<td>4,004,282</td>
<td>4,467,606</td>
<td>47,490</td>
<td>66,245</td>
<td>43,221</td>
<td>218,519</td>
</tr>
<tr>
<td>July 1938</td>
<td>6,404,157</td>
<td>5,438,702</td>
<td>78,722</td>
<td>107,204</td>
<td>45,097</td>
<td>270,769</td>
</tr>
<tr>
<td>August 1938</td>
<td>6,301,474</td>
<td>5,364,742</td>
<td>70,050</td>
<td>99,204</td>
<td>44,997</td>
<td>268,135</td>
</tr>
<tr>
<td>September 1938</td>
<td>6,432,883</td>
<td>5,475,603</td>
<td>69,193</td>
<td>94,004</td>
<td>43,097</td>
<td>270,966</td>
</tr>
<tr>
<td>October 1938</td>
<td>6,385,836</td>
<td>5,412,380</td>
<td>68,063</td>
<td>91,560</td>
<td>42,520</td>
<td>270,966</td>
</tr>
<tr>
<td>November 1938</td>
<td>6,271,073</td>
<td>5,324,717</td>
<td>62,050</td>
<td>88,618</td>
<td>41,742</td>
<td>265,415</td>
</tr>
<tr>
<td>December 1938</td>
<td>6,636,152</td>
<td>5,650,113</td>
<td>64,790</td>
<td>103,589</td>
<td>47,260</td>
<td>270,666</td>
</tr>
<tr>
<td>January 1939</td>
<td>6,705,328</td>
<td>5,714,984</td>
<td>59,740</td>
<td>77,571</td>
<td>39,302</td>
<td>257,092</td>
</tr>
<tr>
<td>February 1939</td>
<td>6,422,092</td>
<td>5,372,660</td>
<td>56,249</td>
<td>78,109</td>
<td>37,681</td>
<td>252,465</td>
</tr>
<tr>
<td>March 1939</td>
<td>5,596,666</td>
<td>4,577,393</td>
<td>40,559</td>
<td>59,969</td>
<td>28,974</td>
<td>247,496</td>
</tr>
<tr>
<td>April 1939</td>
<td>5,390,836</td>
<td>4,526,417</td>
<td>70,069</td>
<td>123,888</td>
<td>32,909</td>
<td>288,531</td>
</tr>
<tr>
<td>May 1939</td>
<td>5,793,605</td>
<td>5,139,437</td>
<td>68,957</td>
<td>103,437</td>
<td>42,396</td>
<td>266,962</td>
</tr>
<tr>
<td>June 1939</td>
<td>6,318,210</td>
<td>5,880,767</td>
<td>46,790</td>
<td>86,666</td>
<td>68,168</td>
<td>255,666</td>
</tr>
<tr>
<td>Total, 1935-39</td>
<td>97,205,040</td>
<td>88,935,074</td>
<td>677,783</td>
<td>963,329</td>
<td>1,079,020</td>
<td>28,901,150</td>
</tr>
</tbody>
</table>

Notes:
1. Figures are total amount of vouchers certified to the Secretary of the Treasury for payment minus cancelations.
2. Total payments of pensions in any month are frequently less than corresponding monthly amounts payable as indicated by figure for pensions in force (table 4). This is due to cancellation of checks because of pensioner death, which were not reported to the Railroad Retirement Board before voucher for month's payment was sent to the Secretary of the Treasury.
3. Total benefit payments on basis of vouchers certified to the Secretary of the Treasury for payment are $5.2 million more than total on basis of checks drawn by disbursing officers as shown in table 2. The reason for this difference is given in footnote 2, table 2.

1 Total payments of $1,183,541 were made to temporary pensioners as follows: July, $715,582 (see footnote 5); August, $289,542; September, $178,417.
2 Vouchers for both July 1 and August 1 payments were certified to the Secretary of the Treasury for payment minus cancelations.
tuted 0.5 percent of total benefit payments during the fiscal year 1937–38, but increased to 1.2 percent for the 11 months ended May 31, 1939, and will continue to increase for many years to come. This follows, since lump-sum benefits are payable on account of the death of every employee under the act who had earnings subsequent to December 31, 1936, unless he or his surviving spouse has received in annuity payments more than 4 percent of his earnings after that date, and since the total earnings on which these payments are based will increase with the passage of time.

Total payments up to May 31, 1939, presented in table 3, have been made to more than 166,400 individuals. Of these, about 98,800 were employee annuitants, 48,700 permanent pensioners, 14,700 death beneficiaries, and 4,200 survivor and death-benefit beneficiaries.

**Payments in Force**

Figures on annuities, pensions, and other payments in force as of the end of each month, which are presented in table 4, represent amounts payable with respect to a single month to all individuals who were on the pension or annuity rolls at the end of the month and eliminate the effect of accumulated payments for several months made at the time of certification. Thus, while annuities in force as of December 31, 1937, totaled $5.2 million, payments certified to the Treasury (table 3) in that month, including retroactive payments, totaled $8.6 million. By May 1939, the two sets of figures were much closer together, $8.2 million in annuities being in force at the end of May as compared with $9.2 million certified to the Treasury for payment during May. The in-force figures presented in table 4 do not, however, include all payments made with respect to a particular month, since annuities are carried in these in-force figures only from the date of certification and not from the date of accrual when that date is prior to the certification date.

In-force figures based on certification dates show the net changes in the amounts payable monthly under the system, resulting primarily from three factors—the rate at which eligible employees apply for annuities, the rate at which these applications are adjudicated and certified, and the rate at which annuities already certified are ter-
An analysis of new annuities and of terminations on the basis of accrual dates rather than certification dates would show the number and amount of annuities payable for a particular month, whether they were in force at that time or were subsequently certified for retroactive payment. As long as some certifications continue to be made a good many months after the accrual date and certifications are made for higher amounts, figures based on accrual dates would be subject to continuous revision. The Board is planning in time to prepare figures based on accrual dates. In their absence principal reliance in analyzing the development of the system must be placed on in-force figures based on certification dates. This means that a large part of the analysis relates to administrative factors affecting the rate of certification.

Table 4 and chart II show the growth, sharply accentuated at certain periods, in the total-

### Table 4.—Number of annuities and pensions in force and monthly amount payable at end of month, by class of payment, July 1936—May 1939

<table>
<thead>
<tr>
<th>Year and month</th>
<th>Number</th>
<th>Amount</th>
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<th>Amount</th>
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<th>Amount</th>
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<tbody>
<tr>
<td>1936 July</td>
<td>18</td>
<td>$201</td>
<td>18</td>
<td>$201</td>
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<tr>
<td>1937 January</td>
<td>2,600</td>
<td>154,318</td>
<td>2,480</td>
<td>153,468</td>
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<td>1938 January</td>
<td>91,644</td>
<td>5,506,135</td>
<td>44,560</td>
<td>2,800,584</td>
<td>135</td>
<td>7,157</td>
<td>157</td>
<td>8,290</td>
<td>259</td>
<td>9,018</td>
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<tr>
<td>1939 January</td>
<td>123,146</td>
<td>6,992,780</td>
<td>63,415</td>
<td>3,870,622</td>
<td>1,186</td>
<td>6,859</td>
<td>2,646</td>
<td>5,532</td>
<td>1,859</td>
<td>4,219</td>
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</tbody>
</table>

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1 Includes finally certified annuities, annuities subject to recertification, temporary annuities to former carrier pensioners (beginning with October 1937), and temporary partial annuities (beginning with November 1937). For definitions of terms see pp. 15-16; see also Table 9.

2 In the few cases payments are made to more than one person on account of the death of a single individual. Such cases are here counted as single items throughout, completing an adjustment which was carried back only to July 1, 1938, in the Railroad Retirement Board's annual report for 1937-38.

4 Number of temporary pensioners taken over from carriers' pension rolls on July 1, 1937, was 6,057, with monthly pensions totaling $571,093. Of these, there were in force on July 31, 1938, pensions amounting to $233,922 on Aug. 31, 1938, pensions amounting to $207,906; and on Sept. 30, 1938, pensions amounting to $178,900. After Oct. 1, temporary pensions on which amount of annuity was not yet determined were transferred to temporary annuities, the amount of temporary annuity being equal to the amount of pension previously received. In their absence principal reliance in analyzing the development of the system must be placed on in-force figures based on certification dates. This means that a large part of the analysis relates to administrative factors affecting the rate of certification.

*Table 4 and chart II show the growth, sharply accentuated at certain periods, in the total-

Social Security
ber of annuities and pensions in force. As of June 30, 1937, 7,223 annuitants were receiving payments amounting to $446,600 monthly. The transfer of practically the entire body of carrier pensioners in July 1937 raised the figures as of July 31 to 61,500 annuitants and pensioners and the total monthly amount to $3.6 million.

From that date the growth in the figures for total annuities and pensions reflects primarily the growth in employee annuities, since the number and amount of pensions in force have declined steadily as a result of deaths among the pensioners. A detailed statement of the new certifications, terminations, and resulting changes in the figures for pensions in force is presented in table 5. The sharp rise in the total annuities and pensions in force in November and December 1937 (table 4) and the steady rise thereafter are directly related to the number of certifications of employee annuities. By June 30, 1938, payments were being made on 108,200 annuities and pensions of all classes at a total monthly rate of $6.7 million. The increase was not as rapid after June 30, 1938. Nevertheless, by May 31, 1939, the total number of annuities and pensions in force had risen 21.1 percent to 131,061, and the total amount payable monthly had reached $8.2 million or 22.4 percent more than on June 30, 1938.

Employee annuities have formed an increasing proportion of this growing total, rising from 22.3 percent of the total monthly amount payable on September 30, 1937, to 61.1 percent as of June 30, 1938, and 70.6 percent as of May 31, 1939. Corresponding figures for pensions were 77.0 percent, 38.1 percent, and 28.3 percent. Survivor annuities \( \text{10} \) have increased slightly, the figures for the three periods being 0.2 percent, 0.5 percent, and 0.7 percent. The increase in the number and amount of survivor annuities is limited by the fact that a relatively small number of annuitants elect such annuities. Death-benefit annuities constituted only 0.4 percent of the total in force on the first two dates, and 0.3 percent on the third. The number of such annuities in force at any one time is limited, since they are payable only on the death of an annuitant under the 1935 act, under which

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\( \text{10} \) The remainder of the present article deals only with employee annuities. A separate article on survivor benefits under the Railroad Retirement Act will appear in a later issue of the Bulletin.
few new certifications are being made, and they terminate after 12 monthly payments.

Applications and Certifications for Employee Annuities

Under the Retirement Act of 1935 annuities were first payable for June 1936. From March through June, 24,800 applications for employee annuities were received by the Board (table 6), and the applications during May were the largest in any one month since the establishment of the railroad retirement system. (See chart III.) On June 30, 1936, on injunction proceedings filed by all the major carriers, the District Court of the United States for the District of Columbia enjoined the Railroad Retirement Board from requiring carriers to furnish at their own expense the information from their records on which the determination of prior-service credit could be based, and enjoined the Commissioner of Internal Revenue from collecting taxes under the Carriers Taxing Act. The number of applications fell off rapidly thereafter, owing to the uncertainty which railroad workers felt as to the future of the retirement system, and in January and February 1937 reached the lowest point in the history of the Board’s operations. Eventually, at the suggestion of President Roosevelt, a conference of railroad managements and railroad unions met to devise a mutually acceptable retirement system. On February 18, 1937, the conference agreed upon a series of amendments to the 1935 act to be jointly recommended to Congress.

The number of applications started to rise immediately thereafter and attained another peak, lower than that of May 1936, in July and August, after the approval by the President of the amendatory Railroad Retirement Act of 1937 on June 24. Since August 1937 the rate of application has declined almost uninterruptedly, but more sharply during the fiscal year 1937-38 than during the fiscal year 1938-39. The tendency of the rate of application to level off is an indication that the large number of older workers in the railroad industry who continued to work, in the absence of a firmly established Federal retirement system, have now in the main applied for annuities under the system.

The court order of June 30, 1936, made it difficult for the Board to obtain records of prior service. Therefore, up to the passage of the amendatory Railroad Retirement Act of 1937 the Board had made only about 7,000 certifications. The peak of certifications of employee annuities was not reached until November and December of 1937 when three staffs were employed in the adjudication of accumulated claims. About a third of the 24,000 annuities certified in these 2 months were awarded on a “temporary partial” basis (see page 16), relying upon employers’ summary “short-form” reports of service and compensation of applicants, pending the necessary detailed check of monthly service and compensation records. After December the number of certifications dropped sharply, chiefly as a result of a reduction in personnel imposed by budgetary limitations. In addition, the number of claims which could be handled on the basis of short-form adjudication decreased, and the number of claims certified on this basis declined rapidly after December. Furthermore, the proportion of difficult cases that remained to be adjudicated increased.

A large proportion of the cases remaining for adjudication involved determination of an employment relation or proof of disability, or both. Under the act of 1935 an applicant was eligible for prior-service credit if he was in active service or in an employment relation to an employer under the act on or after August 29, 1935. An individual was considered to have an employment relation to an employer if he was “furloughed or on leave...
The adjudication of employment-relation claims involves special difficulties. It is necessary to determine first that on the carrier or other employer there existed rules or practices covering furlough, leave of absence, or absence on account of sickness or disability. This determination had to be made craft by craft and railroad by railroad. As of October 31, 1938, employers had submitted over 2,000 separate labor agreements and nearly 1,000 statements of practice, and more than 2,000 rules and practices covering 21 occupational groups had been summarized.

The next stage is the determination that the particular applicant was on furlough or otherwise absent in accordance with an existing rule or practice. The Board in April 1938 organized a separate unit to handle claims involving this matter. By the end of May 1939, this unit had ruled upon 22,026 individual claims for prior-service credit on the basis of employment relation. In 16,854 or 76.5 percent of these cases the claim of the applicant was sustained, and in the remaining 5,172 or 23.5 percent it was disallowed.

With the decline in the number of applications, the certification of employee annuities has fallen off. The continued excess of certifications over applications each month indicates the certification of claims accumulated from earlier months. The decline in the rate of certification since March 1939 is in part a result of the transfer of personnel from the Division of Retirement Claims in connec-

<table>
<thead>
<tr>
<th>Table 5.—Number and monthly amount payable of new certifications for permanent pensions, terminations by death, net adjustments, and number in force and monthly amount payable at end of month, by fiscal years and by months, July 1937-May 1939</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal year and month</td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td></td>
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<tr>
<td>Cumulative through May 1939</td>
</tr>
<tr>
<td>Transferred from carriers' pension rolls, July 1, 1937</td>
</tr>
<tr>
<td>Total, 1937-38</td>
</tr>
<tr>
<td>July 1937</td>
</tr>
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<td>August</td>
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<td>September</td>
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<td>October</td>
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<td>November</td>
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<td>December</td>
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<td>January 1938</td>
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<tr>
<td>February</td>
</tr>
<tr>
<td>March</td>
</tr>
<tr>
<td>April</td>
</tr>
<tr>
<td>May</td>
</tr>
<tr>
<td>June</td>
</tr>
<tr>
<td>Total, 1938-39 to May 31</td>
</tr>
<tr>
<td>July</td>
</tr>
<tr>
<td>August</td>
</tr>
<tr>
<td>September</td>
</tr>
<tr>
<td>October</td>
</tr>
<tr>
<td>November</td>
</tr>
<tr>
<td>December</td>
</tr>
<tr>
<td>January 1939</td>
</tr>
<tr>
<td>February</td>
</tr>
<tr>
<td>March</td>
</tr>
<tr>
<td>April</td>
</tr>
<tr>
<td>May</td>
</tr>
</tbody>
</table>

1 Correction for a claim that has been certified or terminated in error or for an incorrect amount is made in figures for month in which error is discovered and not in those for month in which error was made. To this extent, number and amount shown for any given month differ slightly from actual monthly activity.

2 Terminations because of suspension and return to service are subtracted, and reinstatements of suspended pensions are added. Recertifications of pensions result in additions to amount but not to number of cases. For this reason, amount of adjustment bears no relation to net number of cases adjusted.
tion with the organization of an administrative staff for the Railroad Unemployment Insurance Act.

To May 31, 1939, a total of about 13,000 applicants for the Railroad Unemployment Insurance Act.

Table 6.—Applications for employee annuities received and claims initially approved for certification, by fiscal years and by months, March 1936–May 1939

<table>
<thead>
<tr>
<th>Fiscal year and month</th>
<th>Applications received 1</th>
<th>Claims initially approved for certification 2</th>
<th>Total 1</th>
<th>Regular annuities</th>
<th>Temporary annuities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Cumulative through May 1939.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total, 1935-36 (4 months)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total, 1935-36</td>
<td>131,691</td>
<td>99,320</td>
<td>85,064</td>
<td>12,372</td>
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</tr>
<tr>
<td>March</td>
<td>3,471</td>
<td>2,230</td>
<td>1,193</td>
<td>436</td>
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<tr>
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<td>6,964</td>
<td>4,690</td>
<td>2,914</td>
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<tr>
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<td>8,780</td>
<td>5,714</td>
<td>3,928</td>
<td>786</td>
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<td>4,430</td>
<td>2,807</td>
<td>1,936</td>
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<td>Total, 1936-37</td>
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<td>17,976</td>
<td>12,248</td>
<td>7,759</td>
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<td>2,468</td>
<td>1,868</td>
<td>1,198</td>
<td>270</td>
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<tr>
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<td>3,230</td>
<td>2,230</td>
<td>1,428</td>
<td>812</td>
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<tr>
<td>September</td>
<td>3,064</td>
<td>2,230</td>
<td>1,428</td>
<td>812</td>
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<tr>
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<td>1,660</td>
<td>1,102</td>
<td>558</td>
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<tr>
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<td>1,658</td>
<td>1,102</td>
<td>700</td>
<td>406</td>
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<tr>
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<td>1,102</td>
<td>700</td>
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<td>Total, 1937-38</td>
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<td>3,562</td>
<td>2,494</td>
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<td>830</td>
<td>530</td>
<td>300</td>
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<td>768</td>
<td>530</td>
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<td>1,033</td>
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<td>333</td>
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<td>April</td>
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<td>1,206</td>
<td>804</td>
<td>400</td>
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<tr>
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<td>2,511</td>
<td>1,312</td>
<td>908</td>
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<tr>
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<td>1,206</td>
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<td>Total, 1937-38</td>
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<td>32,143</td>
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<td>10,233</td>
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<td>2,678</td>
<td>1,703</td>
<td>975</td>
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<tr>
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<td>7,542</td>
<td>5,469</td>
<td>3,576</td>
<td>1,993</td>
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<td>4,513</td>
<td>3,013</td>
<td>1,500</td>
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<td>3,832</td>
<td>2,500</td>
<td>1,332</td>
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<tr>
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<td>4,149</td>
<td>3,013</td>
<td>2,000</td>
<td>1,013</td>
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<tr>
<td>December</td>
<td>3,679</td>
<td>2,678</td>
<td>1,703</td>
<td>975</td>
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<tr>
<td>Total, 1938</td>
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<td>23,974</td>
<td>19,120</td>
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<tr>
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<td>2,574</td>
<td>1,907</td>
<td>667</td>
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</tr>
<tr>
<td>February</td>
<td>3,373</td>
<td>2,570</td>
<td>1,907</td>
<td>667</td>
<td></td>
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<tr>
<td>March</td>
<td>3,216</td>
<td>2,469</td>
<td>1,804</td>
<td>605</td>
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<tr>
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<td>3,641</td>
<td>2,896</td>
<td>2,100</td>
<td>796</td>
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<tr>
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<td>3,077</td>
<td>2,367</td>
<td>1,677</td>
<td>696</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>3,733</td>
<td>2,570</td>
<td>1,907</td>
<td>667</td>
<td></td>
</tr>
<tr>
<td>Total, 1938-39 to May 31</td>
<td>20,597</td>
<td>14,443</td>
<td>10,120</td>
<td>5,324</td>
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</tr>
<tr>
<td>July</td>
<td>2,650</td>
<td>1,923</td>
<td>1,332</td>
<td>591</td>
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<tr>
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<td>2,845</td>
<td>2,117</td>
<td>1,551</td>
<td>560</td>
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<tr>
<td>September</td>
<td>2,655</td>
<td>2,039</td>
<td>1,476</td>
<td>560</td>
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<tr>
<td>October</td>
<td>2,366</td>
<td>1,716</td>
<td>1,176</td>
<td>340</td>
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<tr>
<td>November</td>
<td>2,438</td>
<td>1,804</td>
<td>1,216</td>
<td>392</td>
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<tr>
<td>December</td>
<td>2,018</td>
<td>1,577</td>
<td>1,069</td>
<td>498</td>
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<tr>
<td>Total, 1939</td>
<td>18,988</td>
<td>13,103</td>
<td>9,120</td>
<td>4,000</td>
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<tr>
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<td>2,274</td>
<td>1,666</td>
<td>1,117</td>
<td>549</td>
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</tr>
<tr>
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<td>2,086</td>
<td>1,539</td>
<td>1,004</td>
<td>498</td>
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<tr>
<td>March</td>
<td>2,356</td>
<td>1,804</td>
<td>1,216</td>
<td>392</td>
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</tr>
<tr>
<td>April</td>
<td>2,614</td>
<td>1,986</td>
<td>1,392</td>
<td>492</td>
<td></td>
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<tr>
<td>May</td>
<td>1,564</td>
<td>1,176</td>
<td>816</td>
<td>348</td>
<td></td>
</tr>
</tbody>
</table>

1 Based on month claim number was assigned.
2 Annuities certified on a “subject-to-recertification” basis after check of part of service and compensation are included with “regular annuities” certifications. Temporary annuities to former carrier pensioners are not included as certifications.
3 After a claim is approved for certification by the Division of Retirement Claims, time is required before it goes through the stages needed for regular certification to the Secretary of the Treasury for payment. As a result, the figures of monthly certifications here given differ from, and on a cumulative basis are somewhat larger than, the figures of new certifications of employee annuities to the Treasury, as given in Table 7.

Changes of Employee Annuities in Force

Table 7 shows in greater detail than does table 4 the increase in the number of employee annuities in force. It gives for each month the new certifications of annuities to the Treasury and the terminations by death reported to the Board. The differences between these two figures primarily determine the increase in the number of employee annuities in force. The figures of new certifications to the Treasury here given differ from, and on a cumulative basis lag somewhat behind, the figures given in table 6 of claims approved for certification. After a claim is approved for certification it takes a number of days for it to pass through the several further steps required for regular certification to the Treasury for payment.

The gradual increase in the number of deaths among employee annuitants, amounting to approximately 600 a month for the past 5 months, may be seen from table 7. Since new certifications continue to exceed terminations by death, the number of employee annuities in force has increased from month to month and will continue to increase for some time to come.

Status of Certification

With adjudication of prior-service credit depending upon records in the possession of private employers, considerable delay arises in many cases before service and compensation can be completely checked. Among the most important factors causing delay are the indefiniteness of the information furnished by many applicants, the bad condition and relative inaccessibility of some employers’ records, and in general the time required to check an individual’s name through more than 400 pay rolls, of one or more railroads. It would have entailed considerable hardship for
applicants if at the peak of annuity applications the Board had insisted on certification only on the basis of a complete check of all relevant records of service and compensation. Instead it adopted the practice of certifying annuities on four different bases adapted to certain typical problems of adjudication:

(1) Finally certified annuities, with all relevant service and compensation records and all other data bearing on the adjudication of the claims completely checked. The largest proportion of annuities are initially certified on a final basis.

(2) Annuities subject to recertification, initially certified on the basis of a month-to-month check of only part of the relevant service and compensation,\(^1\) the amount of the annuity in these cases being subject to recertification when the remaining service has been checked.

\(^1\) In a small proportion of cases annuities are "subject to recertification" because, although all relevant service and compensation records have been checked, certain other data necessary for final determination have not yet been furnished to the Board.

Table 7.—Number and monthly amount payable of new certifications for employee annuities,\(^2\) terminations by death and net adjustments, and number in force and monthly amount payable at end of month, by fiscal years and by months,\(^3\) July 1936–May 1939

<table>
<thead>
<tr>
<th>Fiscal year and month</th>
<th>New certifications (^a)</th>
<th>Terminations by death</th>
<th>Net adjustments (^b)</th>
<th>In force at end of month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Amount</td>
<td>Number</td>
<td>Amount</td>
<td>Number</td>
</tr>
<tr>
<td>-----------------------</td>
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<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Cumulative through May 1939.</td>
<td>$6,653</td>
<td>$6,050,465</td>
<td>6,627</td>
<td>$615,004</td>
<td>-320</td>
</tr>
<tr>
<td><strong>Total, 1936-37</strong></td>
<td>7,158</td>
<td>6,455,383</td>
<td>294</td>
<td>17,414</td>
<td>-4</td>
</tr>
<tr>
<td><strong>1936</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>18</td>
<td>-92</td>
<td>16</td>
<td>902</td>
<td>18</td>
</tr>
<tr>
<td>August</td>
<td>2,161</td>
<td>195,885</td>
<td>113</td>
<td>8,954</td>
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</tr>
<tr>
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<td>53,506</td>
<td>294</td>
<td>17,414</td>
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<td>105,799</td>
<td>139</td>
<td>9,083</td>
<td>7</td>
</tr>
<tr>
<td>November</td>
<td>5,361</td>
<td>205,265</td>
<td>154</td>
<td>11,010</td>
<td>7</td>
</tr>
<tr>
<td>December</td>
<td>13,790</td>
<td>727,365</td>
<td>224</td>
<td>15,935</td>
<td>3</td>
</tr>
<tr>
<td><strong>1937</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>23,618</td>
<td>233</td>
<td>20,807</td>
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<tr>
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<td>170,733</td>
<td>285</td>
<td>17,407</td>
<td>-16</td>
</tr>
<tr>
<td>March</td>
<td>4,577</td>
<td>267,233</td>
<td>109</td>
<td>18,942</td>
<td>-37</td>
</tr>
<tr>
<td>April</td>
<td>5,775</td>
<td>348,339</td>
<td>288</td>
<td>25,833</td>
<td>-36</td>
</tr>
<tr>
<td>May</td>
<td>5,389</td>
<td>250,095</td>
<td>197</td>
<td>22,817</td>
<td>-31</td>
</tr>
<tr>
<td>June</td>
<td>5,156</td>
<td>256,815</td>
<td>341</td>
<td>22,925</td>
<td>-33</td>
</tr>
<tr>
<td><strong>Total, 1937-38</strong></td>
<td>36,852</td>
<td>3,615,542</td>
<td>2,815</td>
<td>177,693</td>
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<td>719</td>
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<td>4,367</td>
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<td>6,564</td>
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<td>206,196</td>
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<td>5,305</td>
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<tr>
<td>October</td>
<td>4,156</td>
<td>250,498</td>
<td>198</td>
<td>17,268</td>
<td>-2</td>
</tr>
<tr>
<td>November</td>
<td>5,371</td>
<td>353,011</td>
<td>154</td>
<td>11,010</td>
<td>-7</td>
</tr>
<tr>
<td>December</td>
<td>13,790</td>
<td>727,365</td>
<td>224</td>
<td>15,935</td>
<td>-3</td>
</tr>
<tr>
<td><strong>1938</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
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<td>5,687</td>
<td>318,610</td>
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<tr>
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<td>5,401</td>
<td>170,733</td>
<td>285</td>
<td>17,407</td>
<td>-16</td>
</tr>
<tr>
<td>March</td>
<td>4,577</td>
<td>267,233</td>
<td>109</td>
<td>18,942</td>
<td>-37</td>
</tr>
<tr>
<td>April</td>
<td>5,775</td>
<td>348,339</td>
<td>288</td>
<td>25,833</td>
<td>-36</td>
</tr>
<tr>
<td>May</td>
<td>5,389</td>
<td>250,095</td>
<td>197</td>
<td>22,817</td>
<td>-31</td>
</tr>
<tr>
<td>June</td>
<td>5,156</td>
<td>256,815</td>
<td>341</td>
<td>22,925</td>
<td>-33</td>
</tr>
<tr>
<td><strong>Total, 1938-39</strong></td>
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<td>205,901</td>
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<td>37,100</td>
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<td>202,845</td>
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<td>33,950</td>
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<td>167,197</td>
<td>623</td>
<td>36,203</td>
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</tr>
<tr>
<td><strong>1939</strong></td>
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<td></td>
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<td></td>
<td></td>
</tr>
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<td>144,404</td>
<td>145</td>
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<td>184,562</td>
<td>182</td>
<td>41,516</td>
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<td>41,039</td>
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<tr>
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<td>2,110</td>
<td>135,077</td>
<td>113</td>
<td>42,078</td>
<td>-9</td>
</tr>
</tbody>
</table>

\(^a\) Excludes temporary annuities to former carrier pensioners. For this reason, figures in force differ somewhat from those in table 4.

\(^b\) Correction for a claim that has been certified or terminated in error or for an incorrect amount is made in figures for month in which error is discovered and not in those for month in which error was made. To this extent, number and amount shown for any given month differ slightly from actual monthly activity.

\(^3\) The number of new certifications to the Secretary of the Treasury in each month differ from, and on a cumulative basis lag somewhat behind, the number of applications approved for certification, as given in table 6. The reason for this lag is indicated in footnote 2, table 6. The figures of new certifications given here also differ slightly from those in table 10, which are unraveled figures.

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(3) Temporary partial annuities, certified on the basis of a summary report of service and compensation received from the employer but not verified from month-to-month service and compensation records. This procedure was applied only to employees retiring from active service at age 65 or over. The amount of the annuity calculated from the data on this “short-form” statement is reduced by approximately one-third so that the amount of the temporary partial annuity will virtually never be greater than the amount of the annuity when finally determined on the basis of a detailed check of service and compensation records. The amount of annuity in such cases is subject to recertification, retroactively to the accrual date, when the detailed month-to-month check of service and compensation has been made.

(4) Temporary annuities to former carrier pensioners, who could not under the 1937 act be paid pensions beyond October 1, 1937, because they were eligible for an annuity, but the amount of whose annuity could not be determined by that date because of the difficulty of checking their service and compensation records. They were therefore given temporary annuities equal in amount to their pension. When certification of the amount of the annuity is eventually made on the basis of service and compensation under the act, this is not counted as a “recertification” on the Board’s records, but as an initial certification.

Table 8 shows month by month the number of employee annuities approved for recertification. The figures include recertifications both of temporary partial annuities and of annuities subject to recertification. Recertifications were not made in any large number until January 1938, when 1,244 annuities were recertified. This was about one-third as large as the number of initial certifications in that month. The largest number of annuities approved for recertification, 2,897, was made in March 1938—about one-half as many as the initial certifications in that month. In 1939 recertifications have approximated one-half the number of initial certifications.

Table 8.—Number of employee annuities approved for recertification prior to July 1, 1937, and by fiscal years and months, July 1937—May 1939

<table>
<thead>
<tr>
<th>Fiscal year and month</th>
<th>Cumulative through May 1939</th>
<th>Fiscal year and month</th>
<th>Total, 1938-39 to May 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of certifications</td>
<td></td>
<td>Number of certifications</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July 1, 1937</td>
<td>24,862</td>
<td>July 1, 1938</td>
<td>11,545</td>
</tr>
<tr>
<td>Total, 1937-38</td>
<td>12,017</td>
<td>Total, 1938-39 to</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>May 31</td>
<td>11,545</td>
</tr>
<tr>
<td>July</td>
<td>45</td>
<td>July</td>
<td>1,283</td>
</tr>
<tr>
<td>August</td>
<td>113</td>
<td>August</td>
<td>1,178</td>
</tr>
<tr>
<td>September</td>
<td>81</td>
<td>September</td>
<td>1,076</td>
</tr>
<tr>
<td>October</td>
<td>70</td>
<td>October</td>
<td>1,022</td>
</tr>
<tr>
<td>November</td>
<td>151</td>
<td>November</td>
<td>1,031</td>
</tr>
<tr>
<td>December</td>
<td>308</td>
<td>December</td>
<td>1,019</td>
</tr>
<tr>
<td>January 1938</td>
<td>1,244</td>
<td>January 1939</td>
<td>1,041</td>
</tr>
<tr>
<td>February</td>
<td>1,399</td>
<td>February</td>
<td>1,048</td>
</tr>
<tr>
<td>March</td>
<td>2,907</td>
<td>March</td>
<td>1,084</td>
</tr>
<tr>
<td>April</td>
<td>2,222</td>
<td>April</td>
<td>1,051</td>
</tr>
<tr>
<td>May</td>
<td>1,860</td>
<td>May</td>
<td>1,023</td>
</tr>
<tr>
<td>June</td>
<td>1,767</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 includes recertifications of annuities initially awarded either on a “subject to recertification” basis or on a “temporary partial” basis.

Table 8 shows employee annuities in force at the end of each month, classified by status of certification. The proportion of annuities in force certified temporarily without a detailed check of service and compensation records has diminished to a negligible amount. As a combined result of the decline in the number of new certifications made on a temporary partial basis and the recertification of many of these annuities after check of service and compensation, the number in force on a temporary partial basis has fallen rapidly. At the end of January 1938 they constituted 17.1 percent of all employee annuities in force. By the end of June 1938 they had dropped to 5.2 percent and by the end of May 1939 to 0.9 percent. Over the same period the number of temporary annuities was steadily reduced by determination of the amount of the annuity on the basis of service and compensation, and only 28 were in force on this basis as of May 31, 1939.

The large amount of work involved in checking detailed service and compensation records and the resulting delay in collecting from employers’ records all the data needed for final certification...

12 In addition, there were 112 temporary annuitants who had died before their regular annuity was determined or whose annuity was suspended as of May 31, 1939. Annuity determinations remain to be made in these cases.
remain a problem for the Board. Consequently, the Board has continued to find it advisable to certify a substantial number of claims on a "subject-to-recertification" basis. Of initial certifications of employee annuities on a regular basis during the past year, approximately 25 percent each month have been awarded on a subject-to-recertification basis.

**Types of Employee Annuities**

Employee annuities fall into two main groups—age and disability. Age annuities are of two kinds—those accruing at or after age 65 and those beginning before 65 for individuals who have had at least 30 years of credited service. Under the 1937 act but not under the 1935 act such annuities are limited to persons at least 60 years of age. The amount of annuity is reduced at the rate of 1/180 for each calendar month by which the annuitant is under 65 at the time the annuity begins to accrue. Disability annuities are also of two kinds—those who have had 30 years of credited service when the annuity begins to accrue and those who have had less than 30 years of credited service. The latter must be at least 60 years of age when the annuity begins to accrue, and the amount of the annuity is reduced as for age annuities beginning before age 65.

Table 10 shows the number and percentage distribution of new certifications in each month by type of annuity. The proportion of age annuities 65 and over among new certifications was considerably lower and the proportion of the three

---

**Table 9.—Number of employee annuities in force and monthly amount payable at end of month by status of certification, July 1936-May 1939**

<table>
<thead>
<tr>
<th>Month</th>
<th>All employee annuities</th>
<th>Regular annuities</th>
<th>Temporary partial annuities</th>
<th>Temporary annuities to former pensioners</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Amount</td>
<td>Number</td>
<td>Amount</td>
</tr>
<tr>
<td>1936</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>18</td>
<td>$601</td>
<td>18</td>
<td>$601</td>
</tr>
<tr>
<td>August</td>
<td>18</td>
<td>1,917</td>
<td>18</td>
<td>1,917</td>
</tr>
<tr>
<td>September</td>
<td>153</td>
<td>12,487</td>
<td>153</td>
<td>12,487</td>
</tr>
<tr>
<td>October</td>
<td>18</td>
<td>12,487</td>
<td>18</td>
<td>12,487</td>
</tr>
<tr>
<td>November</td>
<td>171</td>
<td>62,034</td>
<td>171</td>
<td>62,034</td>
</tr>
<tr>
<td>December</td>
<td>1,722</td>
<td>107,916</td>
<td>1,722</td>
<td>107,916</td>
</tr>
<tr>
<td>1937</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>2,459</td>
<td>153,458</td>
<td>2,459</td>
<td>153,458</td>
</tr>
<tr>
<td>February</td>
<td>3,269</td>
<td>234,250</td>
<td>3,269</td>
<td>234,250</td>
</tr>
<tr>
<td>March</td>
<td>4,129</td>
<td>327,058</td>
<td>4,129</td>
<td>327,058</td>
</tr>
<tr>
<td>April</td>
<td>4,478</td>
<td>361,044</td>
<td>4,478</td>
<td>361,044</td>
</tr>
<tr>
<td>May</td>
<td>6,069</td>
<td>530,341</td>
<td>6,069</td>
<td>530,341</td>
</tr>
<tr>
<td>June</td>
<td>6,870</td>
<td>433,047</td>
<td>6,870</td>
<td>433,047</td>
</tr>
<tr>
<td>July</td>
<td>7,327</td>
<td>474,764</td>
<td>7,327</td>
<td>474,764</td>
</tr>
<tr>
<td>August</td>
<td>9,836</td>
<td>680,701</td>
<td>9,836</td>
<td>680,701</td>
</tr>
<tr>
<td>September</td>
<td>12,585</td>
<td>945,496</td>
<td>12,585</td>
<td>945,496</td>
</tr>
<tr>
<td>October</td>
<td>18,334</td>
<td>1,289,317</td>
<td>18,334</td>
<td>1,289,317</td>
</tr>
<tr>
<td>November</td>
<td>20,500</td>
<td>1,742,216</td>
<td>20,500</td>
<td>1,742,216</td>
</tr>
<tr>
<td>December</td>
<td>28,188</td>
<td>2,948,561</td>
<td>28,188</td>
<td>2,948,561</td>
</tr>
<tr>
<td>1938</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>44,455</td>
<td>2,622,064</td>
<td>44,455</td>
<td>2,622,064</td>
</tr>
<tr>
<td>February</td>
<td>47,250</td>
<td>2,940,069</td>
<td>47,250</td>
<td>2,940,069</td>
</tr>
<tr>
<td>March</td>
<td>51,945</td>
<td>3,290,007</td>
<td>51,945</td>
<td>3,290,007</td>
</tr>
<tr>
<td>April</td>
<td>56,403</td>
<td>3,620,092</td>
<td>56,403</td>
<td>3,620,092</td>
</tr>
<tr>
<td>June</td>
<td>62,870</td>
<td>4,097,184</td>
<td>62,870</td>
<td>4,097,184</td>
</tr>
<tr>
<td>July</td>
<td>65,612</td>
<td>4,310,732</td>
<td>65,612</td>
<td>4,310,732</td>
</tr>
<tr>
<td>August</td>
<td>68,289</td>
<td>4,504,930</td>
<td>68,289</td>
<td>4,504,930</td>
</tr>
<tr>
<td>September</td>
<td>71,769</td>
<td>4,905,282</td>
<td>71,769</td>
<td>4,905,282</td>
</tr>
<tr>
<td>October</td>
<td>74,543</td>
<td>5,237,848</td>
<td>74,543</td>
<td>5,237,848</td>
</tr>
<tr>
<td>November</td>
<td>77,445</td>
<td>5,600,267</td>
<td>77,445</td>
<td>5,600,267</td>
</tr>
<tr>
<td>December</td>
<td>79,444</td>
<td>5,900,599</td>
<td>79,444</td>
<td>5,900,599</td>
</tr>
</tbody>
</table>

1 Certified on basis of detailed check of all or part of relevant service and compensation records, including cases certified on a "subject-to-recertification" basis.

2 Certified on basis of "short-term" statement of service and compensation without detailed check of service and compensation records.

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other types considerably higher in the period from July 1, 1938, to May 31, 1939, than for the earlier period. At the beginning of the retirement system there was a greater accumulation of persons eligible for age retirements above 65 than for age retirements below 65 or for disability annuities. Not only were there a great many workers in active service who had continued to work long after the age of 65, but there was also an accumulation of disabled workers over age 65 who were eligible only for age annuities. Had the retirement system been in existence at the time these workers became disabled they would have qualified for disability annuities.

The increase in the proportion of disability annuities shown in the table is due also in part to the fact that under the 1937 act disabled employees between 60 and 65 years of age are eligible for disability annuities, even though they do not have 30 years of service. In addition, under this provision, persons who have left the railroad industry with less than 30 years of credited service will be eligible for a disability annuity at age 60 if they become disabled subsequent to leaving the railroad industry. Furthermore, the 1937 act extended the definition of employment relation to include absence from work because of sickness or disability.

Administrative factors also affected the low rate of certification of disability annuities in the earlier period. The greater lag in the certification of such annuities was due in part to the relatively large proportion of disability cases involving the establishment of employment relation, which as has been indicated took a longer time to adjudicate. In part it was due to the difficulty of determining the existence of disability within the meaning of the 1937 act. That act defined disability as "total and permanent disability for regular employment for hire" whereas under the 1935 act employees "retired by a carrier on account of mental or physical disability" were entitled to a disability annuity, if otherwise eligible.

To expedite certification, the Board in October 1937 set up a Disability Rating Board to pass upon claims for disability annuities. Through June 1938, the Rating Board handled 8,940 disability claims at the rate of 93 a month as compared with a total of 13,228 in the 11 months from July 1, 1938, to May 31, 1939, at the rate of 1,202 a month (table 11).

---

### Table 10.—Distribution of new certifications of employee annuities by type of annuity, cumulative through June 1938 and through May 1939, and by months, July 1938-May 1939

<table>
<thead>
<tr>
<th>Year and month</th>
<th>Total: 65 and over</th>
<th>Under 65</th>
<th>30 years of service</th>
<th>Less than 30 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cumulative through May 1938</td>
<td>98,259</td>
<td>78,361</td>
<td>4,758</td>
<td>11,164</td>
</tr>
<tr>
<td>Cumulative through June 1938</td>
<td>105,683</td>
<td>87,560</td>
<td>5,442</td>
<td>14,897</td>
</tr>
<tr>
<td>Total, July 1938-May 1939</td>
<td>112,983</td>
<td>93,881</td>
<td>5,396</td>
<td>14,267</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year and month</th>
<th>1939</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative through May 1939</td>
<td>100.0</td>
</tr>
<tr>
<td>Cumulative through June 1938</td>
<td>100.0</td>
</tr>
<tr>
<td>Total, July 1938-May 1939</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative through May 1939</td>
</tr>
<tr>
<td>Cumulative through June 1938</td>
</tr>
<tr>
<td>Total, July 1938-May 1939</td>
</tr>
</tbody>
</table>

---

1. Distribution based on figures of new certifications to the Secretary of the Treasury before errors were made. Figures of total new certifications during month, therefore, differ slightly from figures in table 7.

2. Figures for periods after June 30, 1938, are not exactly comparable with those prior to that date, since the earlier figures include in "age 65 and over" age annuities which were in calendar month of annuitant's 65th birthday and therefore are not subject to reduction. However, such cases constituted less than 0.5% of all newly certified annuities in force as of June 30, 1938, and proportion since that time is probably not much greater.

3. See footnotes 2. Of all annuities certified age annuities in force as of June 30, 1938, which began before age 65, 25.1% began within calendar month of annuitant's 65th birthday and were subject to reduction.

4. 130 annuities, retirement on which was suspended as of June 30, 1938, are excluded.

Of the 21,276 claims handled to the end of May by the Disability Rating Board, 15.7 percent have been disallowed. Claims disallowed constituted 9.6 percent of the total handled during the fiscal year 1937-38, as compared with 19.4 percent in the next fiscal year. The larger proportion of disallowances in the later period is probably due to the fact that the clearer cases of disability tend to be certified earlier.
to be adjudicated first and that the Board delays in disallowing a claim until the applicant has had every chance to prove his claim.

The larger proportion of disability annuitants among new certifications in recent months, although in part due to the certification of an accumulation of disability claims, is also due to a real change in the proportion of disability claimants. Analysis of applications for employee annuities received by the Board during the 5 months from December 1938 to April 1939 shows that from 28.1 percent to 30.6 percent of the applicants each month claimed disability annuities. Even if, as the experience of the Board to date indicates, between 15 and 20 percent of these disability claims will be disallowed, the proportion of disability annuities resulting from applications received during these 5 months will be considerably in excess of that among annuities certified to June 30, 1938.

Changes in Characteristics of Employee Annuities

The Board's last annual report (pages 77-89) analyzed differences among the four types of employee annuities for all final certifications up to June 30, 1938, whether or not initially certified on a final basis. Similar figures since June 30, 1938, are available only for April and May 1939, and on a slightly different basis. The figures for the latter 2 months relate only to new certifications initially made on a final basis. There are difficulties in comparing characteristics of the relatively small number of certifications made in a single month with those for the accumulated certifications to June 30, 1938. In arriving at any general picture, the averages for the first period will have a predominant weight for some time to come. Over-all figures for the long initial period may conceal changes within the period itself, and the stability of the characteristics shown in the figures for 2 recent months is open to question when changes occurring in the intervening period can only be inferred. Furthermore, certifications made during the 2 recent months include some applications received prior to June 30, 1938. However, comparisons with the bench mark provided by the figures to June 30, 1938, are given in table 12 as indicating in a general way changes in characteristics of different types of employee annuities.

The average age at retirement was 64.7 on April and 65.1 on May certifications as compared with 68.5 on all final certifications to June 30, 1938. Each type of annuity except age annuities under 65 showed a lower average attained age at retirement in the later period. The higher age at retirement of annuitants 65 and over in the earlier period reflects the large number of very aged persons who retired at the beginning of the system. The lower average age, in the later months, of disability retirements with 30 years of service probably results from the fact that such retirements are now on a more current basis, with a greater number of eligible persons applying for disability annuities when they become disabled.

The difference in average age at retirement, as between earlier and later periods, is greater for all annuitants than for any single group. This is due to the much greater proportion, in the later period, of the three types of annuity beginning

Table 11.—Disability claims handled by the Disability Rating Board, by fiscal years and by months, October 1937-May 1939

<table>
<thead>
<tr>
<th>Fiscal year and month</th>
<th>Total claims handled</th>
<th>Claims granted</th>
<th>Claims disallowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative through May 1939</td>
<td>31,270</td>
<td>17,790</td>
<td>3,237</td>
</tr>
<tr>
<td>Total, 1937-38 (9 months)</td>
<td>8,045</td>
<td>7,270</td>
<td>760</td>
</tr>
<tr>
<td>October 16</td>
<td>104</td>
<td>97</td>
<td>7</td>
</tr>
<tr>
<td>November</td>
<td>432</td>
<td>352</td>
<td>36</td>
</tr>
<tr>
<td>December</td>
<td>513</td>
<td>475</td>
<td>38</td>
</tr>
<tr>
<td>January 1938</td>
<td>428</td>
<td>413</td>
<td>15</td>
</tr>
<tr>
<td>February</td>
<td>432</td>
<td>337</td>
<td>36</td>
</tr>
<tr>
<td>March</td>
<td>725</td>
<td>630</td>
<td>69</td>
</tr>
<tr>
<td>April</td>
<td>1,409</td>
<td>1,341</td>
<td>158</td>
</tr>
<tr>
<td>May</td>
<td>2,075</td>
<td>1,890</td>
<td>185</td>
</tr>
<tr>
<td>June</td>
<td>1,975</td>
<td>1,692</td>
<td>283</td>
</tr>
<tr>
<td>Total, 1938-39 to May 31</td>
<td>10,228</td>
<td>9,605</td>
<td>2,663</td>
</tr>
<tr>
<td>July</td>
<td>1,900</td>
<td>1,529</td>
<td>411</td>
</tr>
<tr>
<td>August</td>
<td>7,710</td>
<td>6,741</td>
<td>268</td>
</tr>
<tr>
<td>September</td>
<td>1,617</td>
<td>988</td>
<td>236</td>
</tr>
<tr>
<td>October</td>
<td>1,992</td>
<td>1,854</td>
<td>588</td>
</tr>
<tr>
<td>November</td>
<td>1,224</td>
<td>947</td>
<td>277</td>
</tr>
<tr>
<td>December</td>
<td>949</td>
<td>969</td>
<td>207</td>
</tr>
<tr>
<td>January 1939</td>
<td>1,050</td>
<td>835</td>
<td>224</td>
</tr>
<tr>
<td>February</td>
<td>961</td>
<td>812</td>
<td>149</td>
</tr>
<tr>
<td>March</td>
<td>1,041</td>
<td>856</td>
<td>188</td>
</tr>
<tr>
<td>April</td>
<td>914</td>
<td>755</td>
<td>139</td>
</tr>
<tr>
<td>May</td>
<td>1,086</td>
<td>797</td>
<td>121</td>
</tr>
</tbody>
</table>

1 Of these applicants, those who met the 30-year service, 60-year age requirements were granted age annuities with reduction of 1/180 for each month during which they were less than 65 on accrual date. Of claims disallowed up to Oct. 31, 1938, approximately 50 percent were granted such annuities.

2 Covers period from Oct. 19, 1937, when Disability Rating Board was set up, to end of month.
before age 65, as shown in column 2 of the table.

Table 12 compares the certifications up to June 30, 1938, and those for recent months in terms of average "normal" annuity, "single-life" annuity, and "actual" annuity. The normal annuity is calculated by the annuity formula (see footnote 4, page 4) from credited service and average monthly compensation. The single-life annuity is the normal annuity less deductions, if any, for retirement under 65. Such deductions are, under the 1937 act, applicable to all age annuities beginning before age 65, and to all disability annuities based on less than 30 years of service.\(^7\) The actual annuity paid is the single-life annuity less deductions, if any, resulting from elections of joint and survivor annuities. For the large majority of the annuitants the actual annuity is the same as the normal annuity.

The average normal annuity was $71 up to June 30, 1938, and was about $2.50 or 4 percent less for April and May 1939. This difference is the resultant of differences in average credited service and average monthly compensation. The average monthly compensation for all employee annuitants was only slightly lower in April and May of 1939 than for the earlier period. The most marked difference was shown by disability annuities with less than 30 years of service.

Months of credited service, however, averaged about 4 percent less in April and May for all annuities. The average credited service for disability annuitants with less than 30 years of credited service was less by 8.4 percent in April and by 11.2 percent in May than for earlier annuitants of this type. The reason for this difference is not clear from the data at present available. For age annuities 65 and over the corresponding figures were 6.1 percent and 5.5 percent. This difference is primarily due to the smaller proportion of very aged in the certifications of recent months, as reflected in the difference in the retirement age. These older annuitants are more likely to have longer years of service. Thirty years of credited service is a requirement for annuities of the other two types.

\(^{17}\) See footnote 14 for similar reduction under the 1933 act only.

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### Table 12.—Summary of characteristics, by type of annuity, of finally certified employee annuities certified to the Secretary of the Treasury to June 30, 1938; and during April and May 1939

<table>
<thead>
<tr>
<th>Type of annuity and month of period</th>
<th>Number of annuities</th>
<th>Percent of total for month or period</th>
<th>Average</th>
<th>Months of credited service</th>
<th>Monthly compensation</th>
<th>Normal annuity</th>
<th>Reduction for retirement before 65</th>
<th>Single-life annuity</th>
<th>Actual annuity (after reduction for joint and survivor annuity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All annuities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To June 30, 1938</td>
<td>53,889</td>
<td>100.0</td>
<td>65.8</td>
<td>53.3</td>
<td>158.39</td>
<td>$70.94</td>
<td>(9)</td>
<td>$70.45</td>
<td>$69.96</td>
</tr>
<tr>
<td>April 1939</td>
<td>1,695</td>
<td>100.0</td>
<td>64.7</td>
<td>222.0</td>
<td>155.32</td>
<td>68.32</td>
<td></td>
<td>68.43</td>
<td>68.00</td>
</tr>
<tr>
<td>May 1939</td>
<td>1,610</td>
<td>100.0</td>
<td>62.1</td>
<td>121.1</td>
<td>153.78</td>
<td>66.35</td>
<td></td>
<td>66.07</td>
<td>65.77</td>
</tr>
<tr>
<td>Age annuities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>65 and over:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To June 30, 1938</td>
<td>47,431</td>
<td>88.0</td>
<td>69.5</td>
<td>33.4</td>
<td>155.17</td>
<td>69.77</td>
<td>(7)</td>
<td>69.70</td>
<td>69.34</td>
</tr>
<tr>
<td>April 1939</td>
<td>1,615</td>
<td>31.9</td>
<td>68.1</td>
<td>110.6</td>
<td>153.26</td>
<td>68.61</td>
<td></td>
<td>68.61</td>
<td>68.22</td>
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<tr>
<td>May 1939</td>
<td>468</td>
<td>5.0</td>
<td>64.4</td>
<td>81.0</td>
<td>154.57</td>
<td>68.74</td>
<td></td>
<td>68.76</td>
<td>68.41</td>
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<tr>
<td>Under 65</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To June 30, 1938</td>
<td>1,185</td>
<td>2.2</td>
<td>62.4</td>
<td>350.0</td>
<td>157.18</td>
<td>78.11</td>
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<td>78.32</td>
<td>78.16</td>
</tr>
<tr>
<td>April 1939</td>
<td>130</td>
<td>7.8</td>
<td>62.2</td>
<td>350.0</td>
<td>151.69</td>
<td>76.23</td>
<td></td>
<td>76.28</td>
<td>76.16</td>
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<tr>
<td>May 1939</td>
<td>125</td>
<td>7.9</td>
<td>62.4</td>
<td>350.0</td>
<td>157.45</td>
<td>76.56</td>
<td></td>
<td>76.60</td>
<td>76.45</td>
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<td>Disability annuities:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60 years of credited service:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To June 30, 1938</td>
<td>4,721</td>
<td>8.8</td>
<td>60.0</td>
<td>300.0</td>
<td>182.29</td>
<td>83.37</td>
<td>(9)</td>
<td>83.37</td>
<td>81.43</td>
</tr>
<tr>
<td>April 1939</td>
<td>631</td>
<td>21.9</td>
<td>66.9</td>
<td>300.0</td>
<td>170.02</td>
<td>78.29</td>
<td>(9)</td>
<td>78.29</td>
<td>76.15</td>
</tr>
<tr>
<td>May 1939</td>
<td>396</td>
<td>21.8</td>
<td>64.9</td>
<td>300.0</td>
<td>181.67</td>
<td>81.81</td>
<td>(9)</td>
<td>81.81</td>
<td>81.81</td>
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<tr>
<td>Less than 60 years of credited service:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To June 30, 1938</td>
<td>551</td>
<td>1.0</td>
<td>62.4</td>
<td>278.4</td>
<td>126.80</td>
<td>48.91</td>
<td></td>
<td>48.91</td>
<td>48.91</td>
</tr>
<tr>
<td>April 1939</td>
<td>146</td>
<td>8.6</td>
<td>62.1</td>
<td>253.3</td>
<td>121.78</td>
<td>44.12</td>
<td></td>
<td>44.12</td>
<td>44.12</td>
</tr>
<tr>
<td>May 1939</td>
<td>130</td>
<td>8.0</td>
<td>61.9</td>
<td>262.8</td>
<td>116.86</td>
<td>42.36</td>
<td></td>
<td>42.36</td>
<td>42.36</td>
</tr>
</tbody>
</table>

1. Excludes a small number of annuities, payments on which were suspended as of June 30, 1938, or which had been converted into lump-sum payments.
2. Preliminary.
3. An average actual month of credited service is given here, even though in computing the annuity an ultimate fraction of 6 months or more is credited as a full year of service.
4. Normal annuity is annuity calculated solely on basis of annuity formula. From this amount reduction is made as rate of 1% for each calendar month that annuitant is less than 60 years old at time his annuity begins, except in case of disability annuities with 30 years of service. Under the 1935 act but not under the 1937 act similar reduction was made for each month that an employee had continued in service between age 65 and 70, unless a continuance-in-service agreement was signed, and after age 70 under any circumstances. Single-life annuity is annuity after such reduction has been made, and is the same as normal annuity except where such reductions are applicable. Actual annuity is single-life annuity minus reduction applied in those cases in which a joint and survivor annuity is elected.
5. Reductions applicable to only a small proportion of total number of annuities; therefore no average reduction for all annuities is shown.
6. Not applicable under 1937 act. Reductions shown for period to June 30, 1938, result from 1923 act retirements between age 65 and 70 without continuance-in-service agreements or after age 70. See footnote 14, p. 17.
7. 30 years of credited service is required for these annuities, and all annuitants of this type are credited with exactly 30 years of service.
8. Not applicable under either act.
Reductions for retirement before age 65 averaged $14 for age annuitants under 65 and $9 for disability annuitants with less than 30 years of service. Averaged over all annuities, these reductions give an average single-life annuity of $70.50 up to June 30, 1938, or 46 cents less than the average normal annuity, as compared with $66.50 or about $1.85 less than the normal annuity for certifications in the later months. The difference results primarily from the fact that annuities of the two types subject to reduction were a larger proportion of the later than of the earlier certifications. (See column 3.)

The reduction for the 3,785 joint and survivor annuities finally certified up to June 30, 1938, averaged $20.26 or 28.6 percent of their single-life annuities. However, when these deductions are averaged over all finally certified annuities, they give an average actual annuity of only $1.42 less than the average single-life annuity up to June 1938. For the later 2 months, the corresponding difference between average single-life and actual annuities was $19.09 or 33.3 percent for the 112 joint and survivor annuities, and 57 cents when averaged over all finally certified annuities.

The proportion of joint and survivor elections has been lower for annuities certified under the 1937 act than under the 1935 act. The 1937 act eliminated joint and survivor annuities for individuals who receive a full disability annuity and placed greater restrictions upon the election of such annuities by others. The act provides that, on and after January 1, 1938, no individual can elect a joint and survivor annuity unless he furnishes proof of health satisfactory to the Board, or unless he makes his election at least 5 years before the accrual date of his annuity.

Actual annuities averaged approximately $69 up to June 1938 and approximately $66 for the 2 recent months. In all periods the highest average actual annuities are drawn by disability annuitants with 30 years of credited service, the lowest by disability annuitants with less than 30 years of credited service. The average annuities of the latter group are less than 50 percent of the former, resulting mainly from their lesser months of credited service and lower average monthly compensation, and from the deduction for retirement before age 65 which is applied to such annuities.