

# Workers Entitled to Minimum Retirement Benefits Under OASDHI

by LENORE A. EPSTEIN\*

THE PRESENT MINIMUM benefit under the OASDHI program is clearly much lower than the amount on which people can be expected to live in the United States. The "war on poverty" has drawn attention to the possibility that a substantial increase in the minimum could do much to alleviate poverty.

The primary function of social insurance is to provide a substitute income when employment is interrupted or ceases. Under the OASDHI program, as under many social insurance systems, the benefit formula is designed to yield benefits that represent a higher proportion of previous earnings for the lower-paid than for the higher-paid earner. This design recognizes the fact that low-paid workers cannot manage on much less than previous earnings and higher-paid workers are more likely to have other resources in addition to their benefits. The minimum benefit itself is not, however, intended to provide an adequate income. A full-time worker who earned as little as the legal minimum wage would be entitled to a primary insurance amount (PIA) considerably above the fixed dollar minimum.

The PIA is the amount, related to the worker's average monthly earnings, that would be payable to a retired worker who began to get benefits at age 65 or later. It is not the amount paid but rather is used as a base for computing all benefits payable. In 1964, 16 percent of the 1,042,000 benefit awards to retired workers were based on a PIA at the minimum. Because more than two-thirds of these awards and about four-fifths of the awards just above the minimum had been reduced for entitlement at ages 62-64,<sup>1</sup> 12 percent received benefits that were below the minimum PIA and another 5 percent the statutory minimum. Thus, 17 percent of all workers awarded retirement benefits in 1964 received monthly amounts of only \$32-\$40 (equivalent to \$35-\$44 at the levels

payable under the 1965 amendments). About the same proportion of all retired-worker benefits in current-payment status were at or below the minimum PIA at the end of 1964. Presumably, liberalizations of insured-status requirements under the 1960 and 1961 amendments offset the generally rising levels of earnings.<sup>2</sup> Recently retired beneficiaries were therefore as heavily concentrated at low PIA levels as the entire group of retired workers on the benefit rolls.

In appraising needed improvements in benefits, it is highly important to know as much as possible about the characteristics and resources of workers entitled to the minimum—and near-minimum—primary insurance amount. Although certain characteristics are revealing in and of themselves, the significance of others is illuminated by comparison with the characteristics of workers entitled to larger benefits.

Data on the covered-employment history of workers who became entitled to retirement benefits as of 1964 (including many awarded benefits in 1965 and some in early 1966) provide a basis for inferring differences by size of PIA in the extent to which newly entitled workers relied on their covered earnings for support before entitlement. These data are from the 1-percent continuous work-history sample maintained by the Social Security Administration since 1937.<sup>3</sup> They throw light on the recency, extent, and type of covered employment and also on the level of earnings in the best and the latest year with covered earnings during the 13-year period, 1951-63. With substantially all types of employment, except that of Federal civil servants and self-em-

<sup>2</sup> Under the 1960 amendments, 1 quarter of coverage was required for every 3 calendar quarters between January 1, 1951, and the year in which age 65 was reached (instead of 1 quarter for every 2, as in the old law); the 1961 amendments provided that a worker is fully insured if he has 1 quarter of coverage for every 4 after 1950 up to but not including the year he becomes age 65 (age 62 for women).

<sup>3</sup> For a discussion of the sampling design and measures of sampling and nonsampling variability, see *Annual and Work History Statistics on Workers Under Social Security, 1960*, Office of Research and Statistics, in press.

\*Office of Research and Statistics. Thomas G. Staples assisted in summary and analysis of the data.

<sup>1</sup> Benefits are reduced by 5/9 of 1 percent for each month before 65 for which a benefit is drawn.

ployed physicians, covered since 1956, these data have broad application. Although they relate to 1964 entitlements, the PIA that is shown in tables 1 through 9 is the amount payable under present law. Data from the 1963 Survey of the Aged on sources of money income other than OASDI benefits are summarized in table 10 by the PIA levels in effect before the 1965 amendments to the Social Security Act.

Examination of the data for the group that is the particular concern of this article—those whose earnings qualified them for the minimum PIA—reveals significant information on their characteristics and resources. Briefly summarized, the data show that among this group

- there were twice as many women as men
- in their peak earning year from 1951 to 1963, the majority earned less than the amount permitted under the present earnings test in the law
- fewer than half worked in the year before entitlement, and two-fifths had not worked since 1955
- among the men, one-sixth had worked 9 or more years in covered employment in 1951–63
- half the men earned insured status at least in part from farm employment
- close to one-fourth were getting help from public assistance
- almost one-sixth of the couples but less than 1 in 25 of the nonmarried workers had other retirement benefits.

## PERSONAL CHARACTERISTICS

Almost two-thirds of the workers entitled as of 1964 to a PIA at the minimum were women, according to data from the continuous work-history sample (table 1). Obviously, many women are primary earners, and some who are not make important contributions to family income. But many more women can look to a husband for support even when they work enough to earn insured status under the OASDI program.<sup>4</sup> At successively higher PIA levels the relative numbers of men and women among those who became entitled to retirement benefits in 1964 shifted as shown in the next column.

<sup>4</sup> One-fourth of those who earned a minimum benefit on their own work record were entitled to a secondary benefit, as wives of retired workers, that exceeded their primary benefit.

| PIA            | Women | Men |
|----------------|-------|-----|
| \$44.....      | 65    | 35  |
| \$45-64.....   | 59    | 41  |
| \$65-74.....   | 53    | 47  |
| \$75-99.....   | 48    | 52  |
| \$100-124..... | 33    | 67  |
| \$125-136..... | 19    | 81  |

Perhaps most striking is the fact that men, who are normally primary earners, made up more than one-third of those entitled to the minimum and two-fifths of those entitled to \$45–\$64, primary insurance amounts that reflect average monthly earnings lower than the Federal minimum wage in effect in 1964.

About three-fourths of the women and two-thirds of the men entitled to the minimum PIA had their monthly benefits actuarially reduced below the minimum because they claimed benefits before age 65. This is referred to as “early retirement” even though some were already long out of the labor force and continued to work for small earnings.

Almost half of all workers entitled to the minimum were women claiming a benefit before age 65 (chart 1). Many of them were married women

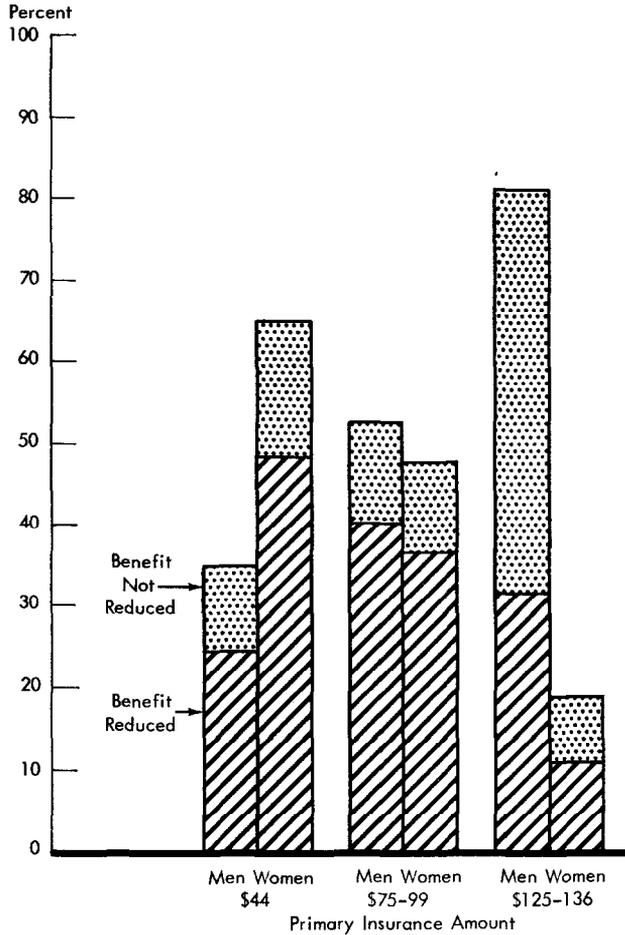
TABLE 1.—Characteristics of workers entitled in 1964 to retirement benefits: Percentage distribution by sex, color, and benefit-reduction status, by PIA<sup>1</sup>

| Benefit-reduction status, color, and sex | \$44  | \$45-64 | \$65-74 | \$75-99 | \$100-124 | \$125-136 |
|--|-------|---------|---------|---------|-----------|-----------|
| Total.....                               | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     |
| Reduced for early retirement.....        | 72.5  | 86.4    | 85.7    | 76.0    | 67.1      | 32.4      |
| White.....                               | 59.2  | 76.9    | 77.9    | 69.2    | 63.4      | 41.3      |
| Nonwhite.....                            | 13.3  | 9.5     | 7.8     | 6.7     | 3.7       | 1.1       |
| Not reduced for early retirement.....    | 27.5  | 13.6    | 14.3    | 24.0    | 32.9      | 57.7      |
| White.....                               | 22.8  | 11.1    | 13.0    | 21.5    | 30.2      | 55.3      |
| Nonwhite.....                            | 4.7   | 2.5     | 1.3     | 2.5     | 2.7       | 2.3       |
| White.....                               | 82.1  | 88.0    | 90.9    | 90.7    | 93.7      | 96.6      |
| Nonwhite.....                            | 17.9  | 12.0    | 9.1     | 9.3     | 6.3       | 3.4       |
| Men.....                                 | 35.4  | 41.0    | 47.2    | 52.3    | 66.8      | 81.0      |
| Reduced for early retirement.....        | 24.6  | 35.3    | 40.7    | 39.9    | 45.8      | 31.6      |
| Not reduced for early retirement.....    | 10.8  | 5.8     | 6.5     | 12.4    | 21.0      | 49.4      |
| White.....                               | 28.4  | 35.5    | 41.7    | 45.9    | 61.7      | 77.8      |
| Nonwhite.....                            | 7.0   | 5.5     | 5.5     | 6.4     | 5.3       | 3.2       |
| Women.....                               | 64.6  | 59.0    | 52.8    | 47.7    | 33.2      | 19.0      |
| Reduced for early retirement.....        | 47.9  | 51.1    | 45.0    | 36.1    | 21.3      | 10.8      |
| Not reduced for early retirement.....    | 16.7  | 7.9     | 7.8     | 11.6    | 11.9      | 8.2       |
| White.....                               | 53.6  | 52.5    | 49.2    | 44.8    | 32.1      | 18.8      |
| Nonwhite.....                            | 10.9  | 6.5     | 3.7     | 2.9     | 1.0       | .2        |
| Number in sample.....                    | 1,471 | 865     | 602     | 1,631   | 1,532     | 2,050     |

<sup>1</sup> The primary insurance amount (PIA) shown in tables 1 through 9 is the amount at entitlement converted to the PIA under present law. For convenience, the amounts are expressed as rounded dollars with unconventional rounding of precise data, as follows: 44.10–64.90, 65.00–74.90, 75.00–99.90, 100.00–124.90, 125.00–135.90.

Source: 1-percent continuous work-history sample.

CHART 1.—Relative proportion of men and women entitled to retirement benefits as of 1964, by benefit-reduction status and by PIA



whose husbands had retired—making a benefit of any size better than none. Another group—one-fourth of those entitled to the minimum—consisted of men who did not wait until age 65 for their benefit.

Expressed in another way, the data show that women were two and one-half times as likely as men to receive a minimum benefit: 28 percent of the women entitled in 1964 and 11 percent of the men were awarded a benefit at the minimum level (table 2).

Those with reduced benefits were somewhat more likely to be entitled to the minimum PIA than those who waited till age 65 or later (20 percent and 15 percent, respectively) to claim their benefits. Among the men, 12 percent of those with reduced benefits had a PIA at the minimum level but only 9 percent of those with full-rated benefits; for women, however, the cor-

responding proportions were almost identical (28 percent and 27 percent).

Of the workers entitled to the minimum PIA in 1964, 18 percent were nonwhite (table 1). As might be expected in view of the lower earnings level of the nonwhite, this proportion was twice as large as that among the workers whose PIA was \$75-\$99 and more than five times the proportion among workers with the largest benefits (\$125-\$136).

Thus, the nonwhite workers were more than twice as likely as white workers to qualify for only a minimum benefit: 36 percent compared with 16 percent, with proportional differences about the same for men and women (table 2).

Though race is a significant discriminant in size of PIA, analysis of differences in work experience between white and nonwhite is not undertaken in this article. Neither is there any analysis of the relation of work experience to benefit reduction for early retirement. A later article will consider in more detail the factors related to early retirement.<sup>5</sup>

#### REGENCY OF EMPLOYMENT

One-fifth of the workers entitled to the minimum PIA were insured on the basis of covered employment before 1951 only. A period of at least 13 years had thus elapsed since the most recent covered employment for 22 percent of the women and 16 percent of the men. By contrast, of those awarded benefits of \$75 or more, less than 1 percent had not worked in covered employment since 1950 (table 3). Presumably some of the former became eligible under the 1960 and 1961 amendments to the Social Security Act that had liberalized the insured-status provisions.

Beneficiaries with the minimum PIA were almost as likely as those with a PIA of \$45-\$64 to have worked the year before entitlement (43 percent and 48 percent, respectively). At each PIA level, men were more likely than women to have worked the year before entitlement, but the difference was greatest at the minimum.

Half the entire group at the minimum level did have some covered earnings in 1962 or 1963, the

<sup>5</sup> For analysis of work experience of workers retiring in 1963 at ages 62 and 65, see Lenore A. Epstein, "Early Retirement and Work-Life Experience," *Social Security Bulletin*, March 1966.

TABLE 2.—Characteristics of workers entitled in 1964 to retirement benefits: Percentage distribution by PIA, by benefit-reduction status, color, and sex

| Benefit-reduction status and color    | Percentage distribution |      |         |         |         |           |           | Number in sample |
|---------------------------------------|-------------------------|------|---------|---------|---------|-----------|-----------|------------------|
|                                       | Total                   | \$44 | \$45-64 | \$65-74 | \$75-99 | \$100-124 | \$125-136 |                  |
| Total                                 |                         |      |         |         |         |           |           |                  |
| Total.....                            | 100.0                   | 18.0 | 10.6    | 7.4     | 20.0    | 18.8      | 25.2      | 8,151            |
| Reduced for early retirement.....     | 100.0                   | 19.5 | 13.7    | 9.4     | 22.7    | 18.8      | 15.9      | 5,464            |
| White.....                            | 100.0                   | 17.6 | 13.4    | 9.5     | 22.8    | 19.6      | 17.1      | 4,952            |
| Nonwhite.....                         | 100.0                   | 38.1 | 16.0    | 9.2     | 21.5    | 10.9      | 4.3       | 512              |
| Not reduced for early retirement..... | 100.0                   | 15.1 | 4.4     | 3.2     | 14.6    | 18.8      | 44.0      | 2,687            |
| White.....                            | 100.0                   | 13.7 | 3.9     | 3.2     | 14.3    | 18.8      | 46.1      | 2,458            |
| Nonwhite.....                         | 100.0                   | 30.1 | 9.6     | 3.5     | 17.9    | 17.9      | 21.0      | 229              |
| White.....                            | 100.0                   | 16.3 | 10.3    | 7.4     | 20.0    | 19.4      | 26.7      | 7,410            |
| Nonwhite.....                         | 100.0                   | 35.6 | 14.0    | 7.4     | 20.4    | 13.1      | 9.4       | 741              |
| Men                                   |                         |      |         |         |         |           |           |                  |
| Total.....                            | 100.0                   | 11.1 | 7.6     | 6.0     | 18.2    | 21.8      | 35.3      | 4,697            |
| Reduced for early retirement.....     | 100.0                   | 12.4 | 10.5    | 8.4     | 22.4    | 24.1      | 22.2      | 2,912            |
| Not reduced for early retirement..... | 100.0                   | 8.9  | 2.8     | 2.2     | 11.3    | 18.0      | 56.7      | 1,785            |
| White.....                            | 100.0                   | 9.8  | 7.2     | 5.9     | 17.6    | 22.1      | 37.4      | 4,262            |
| Nonwhite.....                         | 100.0                   | 23.7 | 11.0    | 7.6     | 23.9    | 18.6      | 15.2      | 435              |
| Women                                 |                         |      |         |         |         |           |           |                  |
| Total.....                            | 100.0                   | 27.5 | 14.8    | 9.2     | 22.5    | 14.7      | 11.3      | 3,454            |
| Reduced for early retirement.....     | 100.0                   | 27.6 | 17.3    | 10.6    | 23.0    | 12.8      | 8.7       | 2,552            |
| Not reduced for early retirement..... | 100.0                   | 27.2 | 7.5     | 5.2     | 21.1    | 20.2      | 18.7      | 902              |
| White.....                            | 100.0                   | 25.1 | 14.4    | 9.4     | 23.2    | 15.6      | 12.3      | 3,148            |
| Nonwhite.....                         | 100.0                   | 52.6 | 18.3    | 7.2     | 15.4    | 5.2       | 1.3       | 306              |

Source: 1-percent continuous work-history sample.

2 years before entitlement. Benefits at or approaching the maximum (\$125-\$136) were generally possible only for those who had covered work during practically the entire period after 1958, when the \$4,800 maximum on taxable earnings was in effect.

The distribution by PIA for workers entitled to benefits in 1964 by latest year with covered earnings emphasizes the association between recency of employment and the size of the PIA as the following summary shows:

| PIA                | Latest year with covered earnings |         |             |
|--------------------|-----------------------------------|---------|-------------|
|                    | 1963                              | 1951-62 | Before 1951 |
| Total percent..... | 100                               | 100     | 100         |
| \$44.....          | 10                                | 32      | 72          |
| \$45-74.....       | 13                                | 33      | 26          |
| \$75-124.....      | 43                                | 33      | 1           |
| \$125-136.....     | 33                                | 1       | .....       |

This association is apparent year by year. Thus, of the workers whose most recent earnings were between 1951 and 1962, the proportion awarded

the minimum PIA varied as follows, by latest year worked:

|              | Percent |
|--------------|---------|
| 1962.....    | 23      |
| 1961.....    | 23      |
| 1960.....    | 29      |
| 1959.....    | 33      |
| 1955-58..... | 38      |
| 1951-54..... | 46      |

When workers with no covered earnings after 1950 are excluded, half of those entitled to the minimum had fewer than 5 years of covered employment during 1951-63 (table 4). The proportion with such slight attachment to the covered labor force is twice as large for those at the minimum PIA level as the proportion for workers with a \$45-\$64 PIA and more than four times that for workers with \$65-\$75.

At higher levels, almost all workers, particularly the men, had extensive employment. For example, though 88 percent of the men with a PIA of \$125-\$136 had some covered earnings in each of the 13 years and all but 3 percent had some in 9 or more years, about 90 percent of the men

TABLE 3.—Latest year with covered earnings for workers entitled in 1964 to retirement benefits: Percentage distribution by latest year, by PIA and sex

| Latest year with covered earnings | Total |         |         |         |           |           |
|-----------------------------------|-------|---------|---------|---------|-----------|-----------|
|                                   | \$44  | \$45-64 | \$65-74 | \$75-99 | \$100-124 | \$125-136 |
| Total percent.....                | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     |
| 1963.....                         | 43.3  | 47.5    | 65.0    | 77.4    | 87.2      | 98.8      |
| 1962.....                         | 6.1   | 6.9     | 6.5     | 5.8     | 5.4       | 1.0       |
| 1961.....                         | 3.9   | 4.6     | 4.2     | 4.2     | 3.3       | .2        |
| 1960.....                         | 3.7   | 5.1     | 3.5     | 2.5     | 1.8       | -----     |
| 1959.....                         | 3.6   | 3.6     | 2.5     | 3.0     | .8        | -----     |
| 1955-58.....                      | 11.6  | 12.0    | 10.5    | 5.6     | 1.4       | -----     |
| 1951-54.....                      | 8.0   | 9.5     | 5.8     | 1.2     | .1        | -----     |
| Before 1951.....                  | 19.9  | 10.8    | 2.2     | .2      | .1        | -----     |
|                                   | Men   |         |         |         |           |           |
| Total percent.....                | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     |
| 1963.....                         | 52.8  | 51.5    | 69.4    | 79.6    | 89.0      | 99.0      |
| 1962.....                         | 5.6   | 8.5     | 7.7     | 5.5     | 6.1       | .8        |
| 1961.....                         | 4.4   | 3.7     | 4.6     | 3.0     | 2.7       | .1        |
| 1960.....                         | 4.0   | 4.5     | 4.6     | 2.0     | 1.4       | -----     |
| 1959.....                         | 3.6   | 2.5     | 1.1     | 2.8     | .6        | -----     |
| 1955-58.....                      | 9.0   | 10.4    | 8.8     | 5.9     | .2        | -----     |
| 1951-54.....                      | 5.0   | 8.2     | 2.5     | .9      | -----     | -----     |
| Before 1951.....                  | 15.5  | 10.7    | 1.4     | .2      | .1        | -----     |
|                                   | Women |         |         |         |           |           |
| Total percent.....                | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     |
| 1963.....                         | 38.1  | 44.7    | 61.0    | 75.1    | 83.7      | 97.9      |
| 1962.....                         | 6.4   | 5.9     | 5.3     | 6.0     | 4.1       | 1.5       |
| 1961.....                         | 3.6   | 5.3     | 3.8     | 5.5     | 4.3       | .5        |
| 1960.....                         | 3.6   | 5.5     | 2.5     | 3.1     | 2.6       | -----     |
| 1959.....                         | 3.6   | 4.3     | 3.8     | 3.2     | 1.2       | -----     |
| 1955-58.....                      | 12.8  | 13.1    | 11.9    | 5.4     | 3.7       | -----     |
| 1951-54.....                      | 9.6   | 10.4    | 8.8     | 1.5     | .2        | -----     |
| Before 1951.....                  | 22.3  | 10.8    | 2.8     | .1      | .2        | -----     |

Source: 1-percent continuous work-history sample.

with minimum benefits had less than 9 years of covered work (including those whose last covered employment was before 1951).

This circumstance is obviously related to but by no means entirely due to the fact that self-employed farmers and professionals and certain farm and domestic workers were not covered under the Social Security Act until 1955 and so could not have had covered earnings (from their regular occupation) for more than 9 years. Some periods without employment are to be expected.

Some workers awarded minimum benefits may have had considerable employment before 1951. (Statistical data are not readily available on the extent of employment in that period.) Others may have been so old that they could earn insured status with very few quarters of coverage.

## TYPE OF EMPLOYMENT

Analysis by type of employment is confined to workers with some covered earnings during

the 7-year period 1957-63, when all farmers and all the self-employed except physicians were covered. Examination of data for this period shows that one-fourth of the workers with the minimum PIA had some covered earnings from farm work, either as farm operators or as farm laborers (table 5).

Data on the type of employment are more revealing for men than for all workers, since relatively few women have farm earnings or are self-employed. The proportion of men with any covered farm earnings varies by PIA and by type as shown in chart 2.

Of all men with earnings credits from farm

TABLE 4.—Number of years with covered earnings, 1951-63, for workers entitled in 1964 to retirement benefits: Percentage distribution by number of years, by PIA and sex

| Years with covered earnings         | Total |         |         |         |           |           |
|-------------------------------------|-------|---------|---------|---------|-----------|-----------|
|                                     | \$44  | \$45-64 | \$65-74 | \$75-99 | \$100-124 | \$125-136 |
| Total percent.....                  | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     |
| 13.....                             | 2.1   | 9.6     | 18.5    | 38.8    | 60.5      | 83.2      |
| 9-12.....                           | 11.8  | 31.1    | 38.0    | 40.8    | 30.9      | 11.6      |
| 12.....                             | 1.1   | 6.1     | 9.8     | 11.6    | 11.1      | 3.8       |
| 11.....                             | 3.1   | 5.3     | 7.5     | 9.3     | 8.1       | 2.0       |
| 10.....                             | 2.0   | 7.4     | 8.8     | 8.2     | 4.4       | 1.0       |
| 9.....                              | 5.7   | 12.3    | 11.9    | 11.7    | 7.3       | 4.8       |
| 5-8.....                            | 34.2  | 34.7    | 31.7    | 17.7    | 8.2       | 5.2       |
| 8.....                              | 6.7   | 8.5     | 11.0    | 7.6     | 4.9       | 4.0       |
| 7.....                              | 7.4   | 7.5     | 9.8     | 4.9     | 1.6       | .6        |
| 6.....                              | 9.8   | 9.2     | 5.9     | 3.0     | 1.0       | .4        |
| 5.....                              | 10.3  | 9.5     | 4.9     | 2.2     | .7        | .2        |
| 1-4.....                            | 51.9  | 24.6    | 11.7    | 2.3     | .3        | -----     |
| 4.....                              | 14.3  | 8.4     | 4.8     | 1.4     | .1        | -----     |
| 3.....                              | 13.0  | 6.9     | 2.7     | .9      | .1        | -----     |
| 2.....                              | 13.2  | 4.9     | 2.4     | .5      | .1        | -----     |
| 1.....                              | 11.4  | 4.4     | 1.9     | .1      | -----     | -----     |
| Number in sample <sup>1</sup> ..... | 1,178 | 772     | 589     | 1,628   | 1,530     | 2,050     |
|                                     | Men   |         |         |         |           |           |
| Total percent.....                  | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     |
| 13.....                             | 1.1   | 7.9     | 16.4    | 35.5    | 62.2      | 88.0      |
| 9-12.....                           | 15.2  | 33.4    | 42.9    | 43.1    | 32.0      | 9.2       |
| 12.....                             | 1.8   | 6.3     | 9.3     | 12.5    | 13.0      | 3.6       |
| 11.....                             | 3.4   | 4.7     | 7.1     | 7.9     | 7.9       | 1.8       |
| 10.....                             | 2.7   | 7.6     | 9.6     | 8.6     | 3.4       | .5        |
| 9.....                              | 7.3   | 14.8    | 16.8    | 14.2    | 7.6       | 3.3       |
| 5-8.....                            | 33.2  | 33.4    | 32.5    | 18.4    | 5.9       | 2.8       |
| 1-4.....                            | 50.5  | 25.2    | 8.2     | 2.9     | -----     | -----     |
| Number in sample <sup>1</sup> ..... | 440   | 317     | 280     | 851     | 1,023     | 1,660     |
|                                     | Women |         |         |         |           |           |
| Total percent.....                  | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     |
| 13.....                             | 2.7   | 10.8    | 20.4    | 42.3    | 57.2      | 62.6      |
| 9-12.....                           | 9.8   | 29.5    | 33.7    | 38.2    | 28.8      | 21.5      |
| 12.....                             | .7    | 5.9     | 10.4    | 10.7    | 7.3       | 4.6       |
| 11.....                             | 2.8   | 5.7     | 7.8     | 10.8    | 8.5       | 2.8       |
| 10.....                             | 1.5   | 7.3     | 8.1     | 7.7     | 6.3       | 3.1       |
| 9.....                              | 4.7   | 10.5    | 7.4     | 9.0     | 6.7       | 11.0      |
| 5-8.....                            | 34.8  | 35.6    | 31.1    | 16.9    | 13.0      | 15.6      |
| 1-4.....                            | 52.7  | 24.2    | 14.9    | 2.6     | 1.0       | .3        |
| Number in sample <sup>1</sup> ..... | 738   | 455     | 309     | 777     | 507       | 390       |

<sup>1</sup> The sample for workers with some earnings during the period 1951-63 is the same for this table and tables 5, 7, 8, and 9.

Source: 1-percent continuous work-history sample.

TABLE 5.—Type of covered earnings during 1957-63 for workers entitled in 1964 to retirement benefits: Percentage distribution by type of earnings, by PIA and sex

| Type of covered earnings                  | \$44  | \$45-64 | \$65-74 | \$75-99 | \$100-124 | \$125-136 |
|---|-------|---------|---------|---------|-----------|-----------|
| Total                                     |       |         |         |         |           |           |
| Total.....                                | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     |
| Nonfarm only.....                         | 74.2  | 77.6    | 78.3    | 85.7    | 91.3      | 97.8      |
| Any farm.....                             | 25.7  | 22.4    | 21.9    | 14.3    | 8.7       | 2.3       |
| Farm only.....                            | 15.2  | 11.4    | 11.5    | 5.5     | 3.9       | .9        |
| Farm and nonfarm.....                     | 10.5  | 11.0    | 10.4    | 8.8     | 5.4       | 1.4       |
| Wages and salaries only.....              | 75.8  | 70.4    | 67.2    | 73.8    | 76.4      | 87.0      |
| Nonfarm only.....                         | 63.2  | 63.2    | 62.2    | 70.6    | 74.6      | 86.8      |
| Farm only.....                            | 6.0   | 2.0     | 1.9     | .8      | .5        | -.1       |
| Farm and nonfarm.....                     | 6.6   | 5.2     | 3.1     | 2.4     | 1.3       | -.1       |
| Self-employment only.....                 | 18.3  | 20.5    | 20.0    | 14.4    | 11.6      | 8.1       |
| Nonfarm only.....                         | 7.6   | 10.3    | 9.2     | 7.9     | 7.9       | 7.0       |
| Farm only.....                            | 9.0   | 8.6     | 8.8     | 4.5     | 2.8       | .7        |
| Farm and nonfarm.....                     | 1.6   | 1.6     | 2.1     | 2.0     | .9        | .4        |
| Wages, salaries, and self-employment..... | 5.9   | 9.1     | 12.8    | 11.8    | 12.0      | 4.9       |
| Nonfarm only.....                         | 3.4   | 4.1     | 6.9     | 7.2     | 8.8       | 4.0       |
| Farm only.....                            | .2    | .8      | .8      | .3      | .1        | -.1       |
| Farm and nonfarm.....                     | 2.3   | 4.2     | 5.2     | 4.3     | 3.2       | .9        |
| Number in sample.....                     | 984   | 638     | 524     | 1,569   | 1,523     | 2,050     |
| Men                                       |       |         |         |         |           |           |
| Total.....                                | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     |
| Nonfarm only.....                         | 50.0  | 59.3    | 61.7    | 75.3    | 87.9      | 97.4      |
| Any farm.....                             | 49.9  | 40.7    | 38.2    | 24.8    | 12.2      | 2.5       |
| Farm only.....                            | 29.0  | 20.0    | 20.2    | 10.3    | 4.6       | 1.1       |
| Farm and nonfarm.....                     | 20.9  | 20.7    | 18.0    | 14.5    | 7.6       | 1.4       |
| Wages and salaries only.....              | 60.9  | 57.0    | 50.2    | 60.1    | 70.1      | 86.1      |
| Nonfarm only.....                         | 35.9  | 43.0    | 41.8    | 54.4    | 67.5      | 85.9      |
| Farm only.....                            | 11.6  | 4.4     | 3.4     | 1.5     | .6        | -.1       |
| Farm and nonfarm.....                     | 13.4  | 9.6     | 5.0     | 4.3     | 2.0       | -.1       |
| Self-employment only.....                 | 30.6  | 27.4    | 30.7    | 22.4    | 14.2      | 8.7       |
| Nonfarm only.....                         | 10.6  | 10.7    | 11.1    | 11.1    | 9.3       | 7.3       |
| Farm only.....                            | 16.9  | 13.7    | 15.3    | 8.3     | 4.0       | .9        |
| Farm and nonfarm.....                     | 3.0   | 3.0     | 4.2     | 3.0     | .9        | .4        |
| Wages, salaries, and self-employment..... | 8.6   | 15.6    | 19.2    | 17.5    | 15.8      | 5.2       |
| Nonfarm only.....                         | 3.5   | 5.6     | 8.8     | 9.8     | 11.1      | 4.2       |
| Farm only.....                            | .5    | 1.9     | 1.5     | .5      | .1        | -.1       |
| Farm and nonfarm.....                     | 4.5   | 8.1     | 8.8     | 7.2     | 4.7       | .9        |
| Number in sample.....                     | 396   | 270     | 261     | 823     | 1,022     | 1,660     |
| Women                                     |       |         |         |         |           |           |
| Total.....                                | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     |
| Nonfarm only.....                         | 90.4  | 91.1    | 94.6    | 97.2    | 98.2      | 98.7      |
| Any farm.....                             | 9.5   | 9.0     | 5.3     | 2.8     | 1.8       | 1.4       |
| Farm only.....                            | 5.9   | 5.2     | 2.7     | .8      | .8        | .3        |
| Farm and nonfarm.....                     | 3.6   | 3.8     | 2.6     | 2.5     | 1.0       | 1.1       |
| Wages and salaries only.....              | 85.9  | 80.2    | 84.0    | 88.9    | 89.4      | 90.8      |
| Nonfarm only.....                         | 81.6  | 78.0    | 82.5    | 88.5    | 89.0      | 90.5      |
| Farm only.....                            | 2.2   | .3      | .4      | -.4     | .4        | .3        |
| Farm and nonfarm.....                     | 2.0   | 1.9     | 1.1     | .4      | -.4       | -.3       |
| Self-employment only.....                 | 10.0  | 15.5    | 9.5     | 5.6     | 6.2       | 5.6       |
| Nonfarm only.....                         | 5.6   | 10.1    | 7.2     | 4.4     | 5.0       | 5.4       |
| Farm only.....                            | 3.7   | 4.9     | 2.3     | .3      | .4        | .4        |
| Farm and nonfarm.....                     | .7    | .5      | -.9     | .9      | .8        | .3        |
| Wages, salaries, and self-employment..... | 4.1   | 4.3     | 6.5     | 5.5     | 4.4       | 3.6       |
| Nonfarm only.....                         | 3.2   | 3.0     | 4.9     | 4.3     | 4.2       | 2.8       |
| Farm only.....                            | .9    | 1.4     | 1.5     | 1.2     | .2        | -.8       |
| Farm and nonfarm.....                     | .9    | 1.4     | 1.5     | 1.2     | .2        | -.8       |
| Number in sample.....                     | 588   | 368     | 263     | 746     | 501       | 390       |

Source: 1-percent continuous work-history sample.

employment in the 7 years before entitlement (1957-63), one-fourth received the minimum benefit—five times as large a proportion as that for workers with nonfarm earnings only (table

6). Benefits were of course much lower for farm workers than for farm operators. More than half of the men with farm wages only and one-fourth of the self-employed farm operators with no other earnings credits in 1957-63 had a PIA at the minimum.

Farm laborers, along with household domestics, are the lowest-paid workers in the Nation. Moreover, some of their earnings may not be reported to the Social Security Administration either because a minimum of \$150 of earnings in a quarter from one employer is required or through carelessness or ignorance.

The men with a minimum or near-minimum benefit based on farm work are not those with the most limited attachment to the labor force

CHART 2.—Extent of farm employment, 1957-63, among men entitled to retirement benefits as of 1964, by type and by PIA

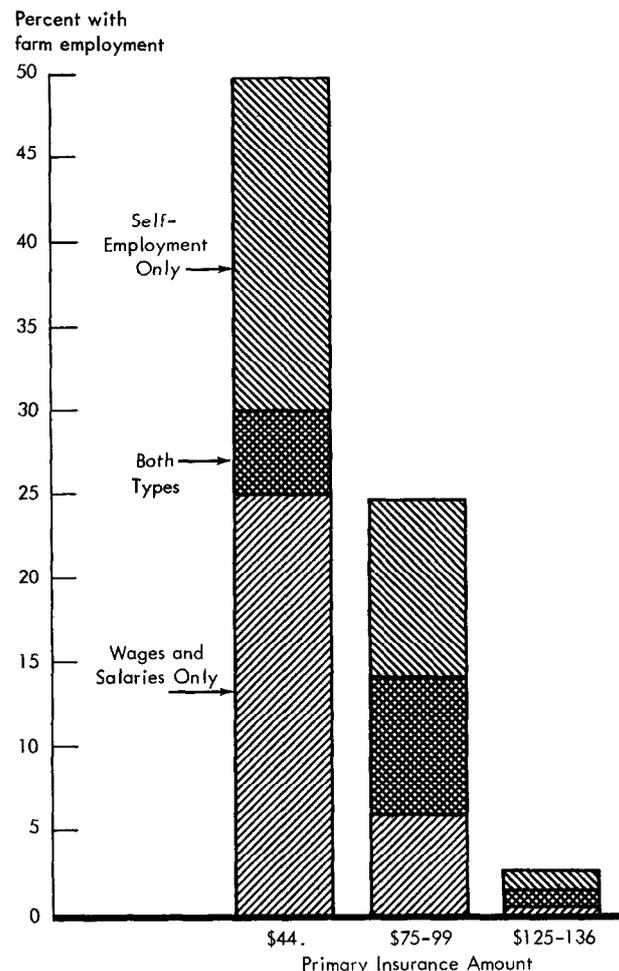


TABLE 6.—Type of covered earnings 1957-63 for workers entitled in 1964 to retirement benefits: Percentage distribution by PIA, by type of employment and sex

| Type of covered earnings                  | Percentage distribution |      |         |         |         |           | Number in sample |           |
|---|-------------------------|------|---------|---------|---------|-----------|------------------|-----------|
|   | Total                   | \$44 | \$45-64 | \$65-74 | \$75-99 | \$100-124 |                  | \$125-136 |
| Total                                     |                         |      |         |         |         |           |                  |           |
| Total.....                                | 100.0                   | 13.5 | 8.8     | 7.2     | 21.5    | 20.9      | 28.1             | 7,288     |
| Nonfarm only.....                         | 100.0                   | 11.5 | 7.8     | 6.4     | 21.1    | 21.8      | 31.4             | 6,373     |
| Any farm.....                             | 100.0                   | 27.8 | 15.6    | 12.5    | 24.5    | 14.5      | 5.1              | 915       |
| Wages and salaries only.....              | 100.0                   | 13.2 | 7.9     | 6.3     | 20.5    | 20.6      | 31.5             | 5,652     |
| Nonfarm only.....                         | 100.0                   | 11.6 | 7.5     | 6.1     | 20.6    | 21.1      | 33.1             | 5,374     |
| Farm only.....                            | 100.0                   | 56.7 | 12.5    | 9.6     | 11.6    | 7.7       | 1.9              | 104       |
| Farm and nonfarm.....                     | 100.0                   | 37.4 | 19.0    | 9.2     | 21.8    | 11.5      | 1.1              | 174       |
| Self-employment only.....                 | 100.0                   | 18.3 | 13.3    | 10.7    | 22.9    | 17.9      | 16.9             | 984       |
| Nonfarm only.....                         | 100.0                   | 13.0 | 11.4    | 8.3     | 21.6    | 20.8      | 24.9             | 576       |
| Farm only.....                            | 100.0                   | 28.0 | 17.3    | 14.5    | 22.0    | 13.5      | 4.7              | 318       |
| Farm and nonfarm.....                     | 100.0                   | 17.8 | 11.1    | 12.2    | 35.6    | 14.4      | 8.9              | 90        |
| Wages, salaries, and self-employment..... | 100.0                   | 8.9  | 8.9     | 10.3    | 28.4    | 28.0      | 15.5             | 652       |
| Nonfarm only.....                         | 100.0                   | 7.8  | 6.2     | 8.5     | 26.7    | 31.7      | 19.1             | 423       |
| Farm only.....                            | (1)                     |      |         |         |         |           |                  | 17        |
| Farm and nonfarm.....                     | 100.0                   | 10.9 | 12.7    | 12.7    | 32.1    | 23.1      | 8.5              | 212       |
| Men                                       |                         |      |         |         |         |           |                  |           |
| Total.....                                | 100.0                   | 8.9  | 6.1     | 5.9     | 18.6    | 23.1      | 37.4             | 4,432     |
| Nonfarm only.....                         | 100.0                   | 5.4  | 4.4     | 4.4     | 17.0    | 24.6      | 44.3             | 3,655     |
| Any farm.....                             | 100.0                   | 25.5 | 14.2    | 12.9    | 26.1    | 16.0      | 5.4              | 777       |
| Wages and salaries only.....              | 100.0                   | 7.6  | 4.9     | 4.1     | 15.7    | 22.6      | 45.1             | 3,166     |
| Nonfarm only.....                         | 100.0                   | 4.8  | 4.0     | 3.7     | 15.3    | 23.5      | 48.7             | 2,931     |
| Farm only.....                            | 100.0                   | 53.5 | 14.0    | 10.5    | 13.9    | 7.0       | 1.1              | 86        |
| Farm and nonfarm.....                     | 100.0                   | 35.6 | 17.4    | 8.7     | 23.5    | 13.4      | 1.4              | 149       |
| Self-employment only.....                 | 100.0                   | 16.2 | 9.9     | 10.7    | 24.6    | 19.3      | 19.3             | 748       |
| Nonfarm only.....                         | 100.0                   | 10.3 | 7.1     | 7.1     | 22.3    | 23.3      | 29.9             | 408       |
| Farm only.....                            | 100.0                   | 25.0 | 13.8    | 14.9    | 25.4    | 15.3      | 5.6              | 268       |
| Farm and nonfarm.....                     | 100.0                   | 16.7 | 11.1    | 15.3    | 34.7    | 12.5      | 9.7              | 72        |
| Wages, salaries, and self-employment..... | 100.0                   | 6.6  | 8.1     | 9.6     | 27.8    | 31.1      | 16.8             | 518       |
| Nonfarm only.....                         | 100.0                   | 4.4  | 4.8     | 7.3     | 25.6    | 35.8      | 22.1             | 316       |
| Farm only.....                            | (1)                     |      |         |         |         |           |                  | 17        |
| Farm and nonfarm.....                     | 100.0                   | 9.7  | 11.9    | 12.4    | 31.9    | 26.0      | 8.1              | 185       |
| Women                                     |                         |      |         |         |         |           |                  |           |
| Total.....                                | 100.0                   | 20.6 | 12.9    | 9.2     | 26.1    | 17.5      | 13.7             | 2,856     |
| Nonfarm only.....                         | 100.0                   | 19.6 | 12.3    | 9.2     | 26.7    | 18.1      | 14.2             | 2,718     |
| Any farm.....                             | 100.0                   | 40.6 | 23.9    | 10.1    | 15.2    | 6.5       | 3.6              | 138       |
| Wages and salaries only.....              | 100.0                   | 20.3 | 11.8    | 8.9     | 26.6    | 18.0      | 14.3             | 2,486     |
| Nonfarm only.....                         | 100.0                   | 19.6 | 11.8    | 8.9     | 27.0    | 18.3      | 14.4             | 2,443     |
| Farm only.....                            | (1)                     |      |         |         |         |           |                  | 18        |
| Farm and nonfarm.....                     | (1)                     |      |         |         |         |           |                  | 25        |
| Self-employment only.....                 | 100.0                   | 25.0 | 24.2    | 10.6    | 17.8    | 13.1      | 9.3              | 236       |
| Nonfarm only.....                         | 100.0                   | 19.6 | 22.0    | 11.3    | 19.7    | 14.9      | 12.5             | 168       |
| Farm only.....                            | 100.0                   | 44.0 | 36.0    | 12.0    | 4.0     | 4.0       |                  | 50        |
| Farm and nonfarm.....                     | (1)                     |      |         |         |         |           |                  | 18        |
| Wages, salaries, and self-employment..... | 100.0                   | 17.9 | 11.9    | 12.7    | 30.6    | 16.4      | 10.5             | 134       |
| Nonfarm only.....                         | 100.0                   | 17.8 | 10.3    | 12.1    | 29.9    | 19.6      | 10.3             | 107       |
| Farm only.....                            | (1)                     |      |         |         |         |           |                  | 0         |
| Farm and nonfarm.....                     | (1)                     |      |         |         |         |           |                  | 27        |

<sup>1</sup> Base less than 50.

Source: 1-percent continuous work-history sample.

nor those who long since left covered employment. Clearly, low incomes from farm employment result in low benefits, but these benefits replace a relatively large proportion of previous earnings. It is not possible to say how many would have been entitled to better benefits if the coverage requirements for farm workers had been somewhat different or if there were more

stringent enforcement of reporting. In the long run the 1966 extension of the minimum wage law to certain farm workers should improve their lot in retirement, as well as while they work.

When earnings were entirely from off-farm employment, the proportion of men with the minimum PIA was about twice as high among the self-employed as among wage and salary

TABLE 7.—Covered earnings in year of highest earnings (best) and latest year with earnings (last), 1951-63, for workers entitled in 1964 to retirement benefits: Percentage distribution by earnings, by PIA and sex

| Annual covered earnings | \$44  |       | \$45-64 |       | \$65-74 |       | \$75-99 |       | \$100-124 |       | \$125-136 |       |
|-------------------------|-------|-------|---------|-------|---------|-------|---------|-------|-----------|-------|-----------|-------|
|                         | Best  | Last  | Best    | Last  | Best    | Last  | Best    | Last  | Best      | Last  | Best      | Last  |
| Total                   |       |       |         |       |         |       |         |       |           |       |           |       |
| Total percent.....      | 100.0 | 100.0 | 100.0   | 100.0 | 100.0   | 100.0 | 100.0   | 100.0 | 100.0     | 100.0 | 100.0     | 100.0 |
| \$4,800.....            |       |       | .1      | .1    | 1.0     | .5    | 5.6     | 2.8   | 37.5      | 17.4  | 96.3      | 86.6  |
| 4,200-4,799.....        |       |       | .9      | .3    | 1.4     | .3    | 9.5     | 1.8   | 26.6      | 14.2  | 3.6       | 7.6   |
| 3,600-4,199.....        | .3    |       | 2.7     | .8    | 6.8     | 1.7   | 13.0    | 3.2   | 23.1      | 21.9  |           | 2.0   |
| 3,000-3,599.....        | .3    | .1    | 3.1     | 1.6   | 8.1     | 2.2   | 24.1    | 10.9  | 12.7      | 19.5  |           | 1.7   |
| 2,400-2,999.....        | 1.6   | .5    | 9.7     | 2.8   | 20.2    | 7.5   | 31.2    | 21.4  | .1        | 8.8   |           | .3    |
| 1,800-2,399.....        | 5.6   | 2.3   | 20.7    | 5.2   | 35.0    | 14.1  | 15.4    | 22.3  |           | 4.8   |           | .5    |
| 1,200-1,799.....        | 21.1  | 10.0  | 38.1    | 19.7  | 23.3    | 28.0  | .9      | 15.0  |           | 5.8   |           | .3    |
| Under \$1,200.....      | 71.1  | 87.1  | 24.6    | 69.6  | 4.2     | 45.7  | .3      | 22.6  |           | 7.6   |           | .8    |
| Men                     |       |       |         |       |         |       |         |       |           |       |           |       |
| Total percent.....      | 100.0 | 100.0 | 100.0   | 100.0 | 100.0   | 100.0 | 100.0   | 100.0 | 100.0     | 100.0 | 100.0     | 100.0 |
| \$4,800.....            |       |       |         |       | 1.4     | .4    | 9.2     | 4.6   | 48.6      | 23.3  | 98.0      | 89.5  |
| 4,200-4,799.....        |       |       | 1.3     |       | 2.5     | .4    | 16.0    | 2.9   | 27.0      | 15.4  | 2.0       | 5.6   |
| 3,600-4,199.....        | .7    |       | 5.7     | 1.6   | 11.4    | 2.1   | 18.6    | 4.2   | 17.9      | 19.8  |           | 1.7   |
| 3,000-3,599.....        | .2    |       | 5.7     | 3.5   | 10.7    | 3.6   | 24.7    | 13.2  | 6.5       | 15.3  |           | 1.6   |
| 2,400-2,999.....        | 2.7   | .7    | 13.2    | 4.1   | 25.0    | 10.0  | 21.7    | 18.4  |           | 7.9   |           | .2    |
| 1,800-2,399.....        | 7.0   | 3.2   | 20.5    | 6.0   | 31.1    | 15.7  | 8.6     | 20.2  |           | 5.4   |           | .5    |
| 1,200-1,799.....        | 24.3  | 14.1  | 32.8    | 21.5  | 14.6    | 32.1  | .7      | 15.2  |           | 5.9   |           | .2    |
| Under \$1,200.....      | 65.0  | 82.0  | 20.8    | 63.4  | 3.2     | 35.7  | .6      | 21.3  |           | 7.1   |           | .7    |
| Women                   |       |       |         |       |         |       |         |       |           |       |           |       |
| Total percent.....      | 100.0 | 100.0 | 100.0   | 100.0 | 100.0   | 100.0 | 100.0   | 100.0 | 100.0     | 100.0 | 100.0     | 100.0 |
| \$4,800.....            |       |       | .2      | .2    | .6      | .6    | 1.7     | .9    | 15.2      | 5.5   | 89.5      | 74.4  |
| 4,200-4,799.....        |       |       | .7      | .4    | .3      | .3    | 2.4     | .5    | 25.8      | 12.0  | 10.0      | 16.1  |
| 3,600-4,199.....        | .1    |       | .7      | .2    | 2.6     | 1.3   | 6.9     | 2.0   | 33.5      | 26.2  |           | 3.6   |
| 3,000-3,599.....        | .3    | .1    | 1.3     | .2    | 5.8     | 1.0   | 23.4    | 8.4   | 25.0      | 27.8  | .3        | 2.3   |
| 2,400-2,999.....        | .9    | .4    | 7.3     | 2.0   | 15.9    | 5.2   | 41.6    | 24.7  | .4        | 10.5  |           | .8    |
| 1,800-2,399.....        | 4.7   | 1.8   | 20.9    | 4.6   | 38.5    | 12.6  | 22.8    | 24.6  |           | 3.7   |           | .5    |
| 1,200-1,799.....        | 19.1  | 7.6   | 41.8    | 18.5  | 31.1    | 24.3  | 1.2     | 14.8  |           | 5.5   |           | 1.0   |
| Under \$1,200.....      | 74.8  | 90.1  | 27.2    | 73.8  | 5.2     | 54.7  |         | 24.1  |           | 8.7   | .3        | 1.3   |

Source: 1-percent continuous work-history sample.

workers. This is the obverse of the situation among those whose covered earnings were all from farm employment.

## EARNINGS LEVELS

Because the PIA is calculated on the basis of average monthly earnings, its size is necessarily correlated with earnings. The benefit formula, however, reflects not only aggregate covered earnings but also age at retirement. A few years (usually less than the number of quarters required for insured status) of high earnings can produce a low PIA.

In fact, however, only 2 percent of the workers becoming entitled to minimum benefits in 1964 had annual earnings of \$2,400 or more in any year during the period 1951-63 (table 7). Seventy-one percent had covered earnings of less than \$1,200 in the year with highest earnings, and 21 percent earned between \$1,200 and \$1,800. Among those at the next PIA level (\$45-\$64), only 1 in 6 earned more than \$2,400 and 1 in 4 did not

receive as much as \$1,200. This is, of course, in sharp contrast to the record of workers entitled to benefits of \$125-\$136, almost all of whom earned the \$4,800 maximum at least in their best years. Four out of 5 not only earned this much but also worked in covered employment throughout the 13 years 1951-63 (tables 8 and 9).

As previously noted, most of those with the minimum PIA had only a few years of covered earnings during this period, but a significant minority did have extended employment at very low wages. One in 7 had covered earnings in 9 or more years but never earned as much as \$2,400.

In general, women tend to have lower earnings and less extensive employment than men. This is also the case even when they have a PIA of the same size as men. Claiming benefits before age 65 has a relatively more adverse effect on a man's PIA than on that of a woman.<sup>6</sup> One in 6 of the men

<sup>6</sup> Men but not women must count the years with no earnings between age 62 and age 65 in computing average monthly earnings.

TABLE 8.—Covered earnings in year of highest earnings and number of years with earnings, 1951-63, for workers entitled in 1964 to retirement benefits: Percentage distribution by earnings, by PIA and sex

| Highest covered earnings and number of years | \$44  | \$45-64 | \$65-74 | \$75-99 | \$100-124 | \$125-136 |
|--|-------|---------|---------|---------|-----------|-----------|
| Total  |       |         |         |         |           |           |
| Total percent.....                           | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     |
| \$4,800.....                                 |       | .1      | 1.0     | 5.6     | 37.6      | 96.3      |
| 13 years.....                                |       |         |         | .7      | 18.6      | 80.1      |
| 9-12 years.....                              |       |         | .3      | 2.6     | 15.4      | 11.2      |
| 1-8 years.....                               |       | .1      | .7      | 2.3     | 3.6       | 5.0       |
| \$3,600-4,799.....                           | .3    | 3.6     | 8.1     | 22.5    | 49.7      | 3.6       |
| 13 years.....                                |       |         | .2      | 4.5     | 33.3      | 3.0       |
| 9-12 years.....                              |       | .1      | 2.0     | 9.5     | 12.7      | .4        |
| 1-8 years.....                               | .3    | 3.5     | 5.9     | 8.5     | 3.7       | .2        |
| \$2,400-3,599.....                           | 1.8   | 12.9    | 28.4    | 55.4    | 12.8      |           |
| 13 years.....                                |       | .3      | 2.9     | 25.5    | 8.7       |           |
| 9-12 years.....                              |       | 3.2     | 10.4    | 22.4    | 2.8       |           |
| 5-8 years.....                               | .9    | 5.6     | 11.4    | 6.6     | 1.3       |           |
| 1-4 years.....                               | .9    | 3.8     | 3.7     | .9      |           |           |
| \$1,200-2,399.....                           | 26.7  | 58.9    | 58.1    | 16.3    |           |           |
| 13 years.....                                |       | 3       | 4.8     | 15.1    | 8.1       |           |
| 9-12 years.....                              | .3    | 21.1    | 24.4    | 6.3     |           |           |
| 5-8 years.....                               | 12.0  | 22.2    | 14.9    | 1.5     |           |           |
| 1-4 years.....                               | 12.1  | 10.8    | 3.7     | .4      |           |           |
| Under \$1,200.....                           | 71.1  | 24.5    | 4.1     | .3      |           |           |
| 13 years.....                                |       | 1.9     | 4.5     | .3      |           |           |
| 9-12 years.....                              |       | 9.5     | 6.6     | .8      |           |           |
| 5-8 years.....                               |       | 21.2    | 5.4     | .8      | .1        |           |
| 1-4 years.....                               |       | 38.5    | 8.0     | 2.2     | .2        |           |
| Men  |       |         |         |         |           |           |
| Total percent.....                           | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     |
| \$4,800.....                                 |       |         | 1.5     | 9.2     | 48.5      | 98.0      |
| 13 years.....                                |       |         |         | 1.3     | 25.1      | 86.3      |
| 9-12 years.....                              |       |         | .4      | 4.1     | 19.6      | 9.0       |
| 1-8 years.....                               |       |         | 1.1     | 3.8     | 3.8       | 2.7       |
| \$3,600-4,799.....                           | .7    | 6.9     | 13.9    | 34.5    | 44.9      | 2.0       |
| 13 years.....                                |       |         | .4      | 7.5     | 32.0      | 1.7       |
| 9-12 years.....                              |       | .3      | 3.9     | 15.6    | 11.3      | .2        |
| 1-8 years.....                               | .7    | 6.6     | 9.6     | 11.4    | 1.6       | .1        |
| \$2,400-3,599.....                           | 2.9   | 18.9    | 35.7    | 46.4    | 6.6       |           |
| 13 years.....                                |       | .6      | 5.0     | 21.7    | 5.1       |           |
| 9-12 years.....                              |       | 5.4     | 15.0    | 19.9    | 1.0       |           |
| 5-8 years.....                               | 1.8   | 8.2     | 14.3    | 4.2     | .5        |           |
| 1-4 years.....                               | 1.1   | 4.7     | 1.4     | .6      |           |           |
| \$1,200-2,399.....                           | 31.4  | 53.3    | 45.7    | 9.2     |           |           |
| 13 years.....                                |       | .2      | 4.7     | 11.1    | 4.9       |           |
| 9-12 years.....                              |       | 4.1     | 23.7    | 22.9    | 3.5       |           |
| 5-8 years.....                               |       | 13.2    | 16.1    | 9.6     | .6        |           |
| 1-4 years.....                               |       | 13.9    | 8.8     | 2.1     | .2        |           |
| Under \$1,200.....                           | 65.0  | 20.8    | 3.2     | .6      |           |           |
| 13 years.....                                |       | .9      | 2.5     |         |           |           |
| 9-12 years.....                              |       | 11.1    | 4.1     | .7      |           |           |
| 5-8 years.....                               |       | 18.0    | 5.4     | .7      | .1        |           |
| 1-4 years.....                               |       | 35.0    | 8.8     | 1.8     | .5        |           |
| Women  |       |         |         |         |           |           |
| Total percent.....                           | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     |
| \$4,800.....                                 |       | .2      | .6      | 1.7     | 15.2      | 89.5      |
| 13 years.....                                |       |         |         |         | 5.3       | 54.1      |
| 9-12 years.....                              |       |         | .3      | .9      | 6.7       | 20.3      |
| 1-8 years.....                               |       | .2      | .3      | .8      | 3.2       | 15.1      |
| \$3,600-4,799.....                           | .1    | 1.3     | 2.9     | 9.4     | 59.4      | 10.0      |
| 13 years.....                                |       |         |         | 1.2     | 35.9      | 8.2       |
| 9-12 years.....                              |       |         | .3      | 2.8     | 15.6      | 1.3       |
| 1-8 years.....                               | .1    | 1.3     | 2.6     | 5.4     | 7.9       | .5        |
| \$2,400-3,599.....                           | 1.2   | 8.6     | 21.6    | 65.0    | 25.5      | .3        |
| 13 years.....                                |       |         | 1.0     | 29.6    | 16.0      |           |
| 9-12 years.....                              |       | 1.8     | 6.1     | 25.1    | 6.5       |           |
| 5-8 years.....                               | .4    | 3.7     | 8.7     | 9.1     | 3.0       | .3        |
| 1-4 years.....                               | .8    | 3.1     | 5.8     | 1.2     |           |           |
| \$1,200-2,399.....                           | 23.8  | 62.6    | 69.6    | 23.9    |           |           |
| 13 years.....                                |       | .3      | 4.8     | 11.6    |           |           |
| 9-12 years.....                              |       | 1.2     | 19.3    | 25.9    | 9.4       |           |
| 5-8 years.....                               |       | 11.2    | 26.4    | 19.7    | 2.4       |           |
| 1-4 years.....                               |       | 11.1    | 12.1    | 5.2     |           |           |
| Under \$1,200.....                           | 74.8  | 27.3    | 5.2     |         |           | .3        |
| 13 years.....                                |       | 2.4     | 5.9     | .6      |           | .3        |
| 9-12 years.....                              |       | 8.5     | 8.4     | 1.0     |           |           |
| 5-8 years.....                               |       | 23.2    | 5.5     | 1.0     |           |           |
| 1-4 years.....                               |       | 40.7    | 7.5     | 2.6     |           |           |

Source: 1-percent continuous work-history sample.

with the minimum PIA, compared with 1 in 8 of the women, worked in covered employment from 9 to 13 years with earnings never reaching \$2,400 during 1951-63.

Although there are exceptions, the numbers of years in covered work and the level of annual covered earnings are closely correlated at low and high PIA levels. Those with a PIA of \$65-\$99, however, were divided among those who had relatively few years of covered employment at relatively high earnings and those who had relatively extended employment at lower earnings.

Many workers, particularly men who waited until age 65 to claim benefits, earned as much in their last year of work as in any earlier year, or even more. Many others, however, had suffered reductions in earnings before they retired because of ill health or job shifts. In consequence, therefore, the earnings distribution for the latest year is necessarily less favorable than that for the year of highest earnings (table 7).

Cross-classification of earnings in the best and latest years is nevertheless revealing. It shows that almost three-fifths of the minimum PIA group with highest earnings of \$1,200-\$1,799 earned less than \$1,200 in their last year of work and more than half of those with more than \$1,800 in their best year also earned less than \$1,200 in their latest year with earnings before entitlement. Workers who continued to earn up to the year of entitlement were less likely to have a drop in earnings than those whose covered employment ceased earlier, as shown by the following distributions of workers with a minimum PIA:

| Earnings in latest year | Latest year of covered employment |         |
|-------------------------|-----------------------------------|---------|
|                         | 1963                              | 1951-62 |
| Total percent.....      | 100.0                             | 100.0   |
| Under \$1,200.....      | 81.8                              | 93.3    |
| \$1,200-1,799.....      | 14.4                              | 4.8     |
| \$1,800 or more.....    | 3.8                               | 1.9     |

Workers entitled to a PIA at or near the maximum (\$125-\$136) generally worked through 1963, and only 6 percent earned less than \$1,200 in their latest year of work before entitlement. Indeed, only 13 percent earned less than \$4,800 in that year. Workers whose PIA was \$75-\$99 showed much less regularity of earnings. Two thirds of

TABLE 9.—Covered earnings in year of highest earnings and latest year with earnings, 1951-63, for workers entitled in 1964 to retirement benefits: Percentage distribution by earnings and latest year, by PIA and sex

| Highest covered earnings and latest year | Total |         |         |         |           |           | Men   |         |         |         |           |           | Women |         |         |         |           |           |
|--|-------|---------|---------|---------|-----------|-----------|-------|---------|---------|---------|-----------|-----------|-------|---------|---------|---------|-----------|-----------|
|  | \$44  | \$45-64 | \$65-74 | \$75-99 | \$100-124 | \$125-136 | \$44  | \$45-64 | \$65-74 | \$75-99 | \$100-124 | \$125-136 | \$44  | \$45-64 | \$65-74 | \$75-99 | \$100-124 | \$125-136 |
| Total percent.                           | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     | 100.0 | 100.0   | 100.0   | 100.0   | 100.0     | 100.0     |
| \$4,800                                  |       | .1      | 1.0     | 5.6     | 37.5      | 96.4      |       |         | 1.5     | 9.2     | 48.6      | 98.0      |       | .2      | .6      | 1.7     | 15.2      | 89.5      |
| 1963                                     |       | .1      | .8      | 4.4     | 31.0      | 95.2      |       |         | 1.1     | 7.4     | 40.9      | 97.0      |       | .2      | .6      | 1.0     | 11.2      | 87.4      |
| 1961-62                                  |       |         | .2      | .8      | 5.4       | 1.2       |       |         | .4      | 1.2     | 6.5       | 1.0       |       |         |         |         | .4        | 3.0       |
| 1959-60                                  |       |         |         | .4      | 1.1       |           |       |         |         | .6      | 1.2       |           |       |         |         |         | .3        | 1.0       |
| \$3,600-4,799                            | .4    | 3.7     | 8.1     | 22.6    | 49.7      | 3.6       | .6    | 6.9     | 13.9    | 34.5    | 44.8      | 2.0       | .1    | 1.3     | 2.8     | 9.5     | 59.4      | 10.0      |
| 1963                                     | .1    | 1.2     | 3.6     | 14.0    | 44.4      | 3.6       | .2    | 1.6     | 5.7     | 22.4    | 41.7      | 2.0       |       | .9      | 1.6     | 4.8     | 49.9      | 10.0      |
| 1961-62                                  |       | .4      | .8      | 2.6     | 2.9       |           |       | .9      | 1.8     | 3.8     | 2.2       |           |       |         |         | 1.3     | 4.1       |           |
| 1959-60                                  |       | .5      | 1.2     | 2.2     | 1.3       |           |       | 1.3     | 2.1     | 3.5     | .8        |           |       |         |         | .3      | .8        | 2.4       |
| 1955-58                                  | .2    | 1.2     | 2.2     | 3.4     | 1.0       |           | .2    | 2.2     | 3.0     | 4.6     | .1        |           | .1    | .4      | .6      | 2.1     | 2.8       |           |
| 1951-54                                  | .1    | .4      | .3      | .4      | .1        |           | .2    | .9      | .4      | .2      |           |           |       |         | .3      | .5      | .2        |           |
| \$2,400-3,599                            | 1.9   | 12.9    | 28.4    | 55.3    | 12.9      |           | 3.0   | 19.0    | 35.7    | 46.4    | 6.6       |           | 1.2   | 8.6     | 21.7    | 65.0    | 25.5      | .3        |
| 1963                                     | .8    | 6.9     | 18.2    | 45.4    | 11.8      |           | 1.1   | 11.7    | 26.1    | 41.4    | 6.5       |           | .7    | 3.5     | 11.0    | 49.8    | 22.7      | .3        |
| 1961-62                                  | .2    | 1.9     | 3.4     | 5.1     | .5        |           | 1.9   | 2.2     | 6.4     | 4.0     |           |           |       | 1.8     | 2.3     | 7.5     | 1.4       |           |
| 1959-60                                  | .6    | .9      | 1.9     | 2.5     | .3        |           | 1.4   | 1.6     | 1.8     | 1.1     | 1         |           | .1    | .4      | 1.9     | 4.0     | .6        |           |
| 1955-58                                  | .3    | 1.6     | 2.9     | 1.9     | .3        |           |       | 2.2     | 3.2     | .8      |           |           |       | 1.1     | 2.6     | 3.1     | .8        |           |
| 1951-54                                  |       | 1.6     | 2.0     | .4      |           |           |       | 1.3     |         | .2      |           |           |       | 1.8     | 3.9     | .6      |           |           |
| \$1,200-2,399                            | 26.6  | 58.9    | 58.1    | 16.3    |           |           | 31.3  | 53.4    | 45.7    | 9.3     |           |           | 23.8  | 62.7    | 69.5    | 23.9    |           |           |
| 1963                                     | 15.6  | 33.4    | 42.4    | 13.8    |           |           | 21.8  | 36.6    | 37.1    | 8.5     |           |           | 11.9  | 31.2    | 47.2    | 19.6    |           |           |
| 1961-62                                  | 3.1   | 7.8     | 5.9     | 1.5     |           |           | 3.6   | 6.9     | 4.6     | .7      |           |           | 2.8   | 8.4     | 7.1     | 2.4     |           |           |
| 1959-60                                  | 2.5   | 5.2     | 2.9     | .7      |           |           | 2.7   | 3.2     | 1.8     | .1      |           |           | 2.4   | 6.6     | 3.9     | 1.4     |           |           |
| 1955-58                                  | 4.0   | 7.4     | 4.4     | .1      |           |           | 2.5   | 3.5     | 1.1     |         |           |           | 4.9   | 10.1    | 7.4     | .1      |           |           |
| 1951-54                                  | 1.4   | 5.1     | 2.5     | .2      |           |           | .7    | 3.2     | 1.1     |         |           |           | 1.8   | 6.4     | 3.9     | .4      |           |           |
| Under \$1,200                            | 71.1  | 24.6    | 4.3     | .3      |           |           | 65.0  | 20.9    | 3.3     | .6      |           |           | 74.7  | 27.3    | 5.2     |         |           | .3        |
| 1963                                     | 37.5  | 11.7    | 1.4     | .1      |           |           | 39.3  | 7.9     | .4      | .1      |           |           | 36.4  | 14.3    | 2.3     |         |           | .3        |
| 1961-62                                  | 9.2   | 2.8     | .5      |         |           |           | 7.7   | 3.5     | 1.1     |         |           |           | 10.0  | 2.4     |         |         |           |           |
| 1959-60                                  | 6.0   | 3.1     | .2      |         |           |           | 5.0   | 1.9     |         |         |           |           | 6.6   | 4.0     | .3      |         |           |           |
| 1955-58                                  | 9.9   | 3.4     | 1.2     |         |           |           | 8.0   | 3.8     | .7      |         |           |           | 11.1  | 3.1     | 1.6     |         |           |           |
| 1951-54                                  | 8.5   | 3.6     | 1.0     | .2      |           |           | 5.0   | 3.8     | 1.1     | .5      |           |           | 10.6  | 3.5     | 1.0     |         |           |           |

Source: 1-percent continuous work-history sample.

them had peak earnings between \$2,400 and \$4,200, but three-fifths earned less than \$2,400 in their last year of covered employment.

The close association between level of earnings and recency of employment is not surprising, but the dispersion in latest and even in highest earnings among workers with reasonably regular employment is greater than expected.

## INCOME SOURCES

Information is not available on the resources other than OASDI benefits of workers becoming entitled in 1964. Data from the 1963 Survey of the Aged, however, provide some information by size of PIA on resources in addition to OASDI for a sample of all beneficiaries on the rolls at the end of 1962 who became entitled to benefits before January of that year. These data are summarized in table 10 for retired workers by sex and marital status and also, for comparative purposes, for widows drawing benefits on the basis of the deceased husband's earnings record.

These data show that of all the beneficiaries aged 65 and over who had the minimum PIA

(\$40 at that time),<sup>7</sup> about one-fourth received cash payments from a public assistance agency—a good indicator of need. The proportion fell off steadily to about 6 percent among retired workers whose PIA was \$60-\$99 and a nominal 1 percent among those with a larger PIA. Data are not available to indicate the amount of public assistance received by those with low benefits; we do not know, therefore, how many of the group would be removed from public assistance because of any given increase in the minimum benefit or for how many it would simply mean a smaller assistance payment.

For nonmarried women workers—far more numerous than the nonmarried men—employment provided a supplement to benefits for roughly the same proportion of those at the minimum PIA level as did public assistance. Married men were much more likely than the nonmarried to have earned income—a suggestion that their wives, usually younger, were employed fairly often. Except for retired women, the relative number with earnings was not clearly correlated

<sup>7</sup> The 1965 amendments to the Social Security Act provided for an across-the-board 7-percent increase in benefits, with the minimum up from \$40 to \$44.

TABLE 10.—Source of money income for OASDI beneficiaries<sup>1</sup> aged 65 and over: Percent having income from specified sources, by PIA, sex, and marital status, 1962

| Source of income                                       | Retired workers      |                  |                                 | Aged widows <sup>4</sup> |
|--|----------------------|------------------|---------------------------------|--------------------------|
|  | Men                  |                  | Women, non-married <sup>3</sup> |                          |
|  | Married <sup>2</sup> | Non-married      |                                 |                          |
| PIA—\$40   |                      |                  |                                 |                          |
| Retirement income in addition to OASDI, net total..... | 45                   | 45               | 45                              | 33                       |
| Public and private group pensions.....                 | 15                   | 3                | 4                               | 5                        |
| Veterans' benefits.....                                | 15                   | 13               | 6                               | 10                       |
| Interest, dividends, and rent.....                     | 32                   | 31               | 40                              | 27                       |
| Private individual annuities.....                      | 3                    | ( <sup>5</sup> ) | 3                               | 1                        |
| Earnings.....  | 41                   | 17               | 24                              | 14                       |
| Public assistance.....                                 | 28                   | 27               | 21                              | 22                       |
| PIA—\$41-59  |                      |                  |                                 |                          |
| Retirement income in addition to OASDI, net total..... | 54                   | 37               | 52                              | 57                       |
| Public and private group pensions.....                 | 11                   | 2                | 6                               | 2                        |
| Veterans' benefits.....                                | 21                   | 13               | 6                               | 7                        |
| Interest, dividends, and rents.....                    | 39                   | 28               | 47                              | 54                       |
| Private individual annuities.....                      | 2                    | ( <sup>5</sup> ) | 3                               | ( <sup>5</sup> )         |
| Earnings.....  | 50                   | 27               | 28                              | 17                       |
| Public assistance.....                                 | 20                   | 21               | 18                              | 14                       |
| PIA—\$60-99  |                      |                  |                                 |                          |
| Retirement income in addition to OASDI, net total..... | 67                   | 62               | 54                              | 59                       |
| Public and private group pensions.....                 | 14                   | 14               | 11                              | 2                        |
| Veterans' benefits.....                                | 14                   | 15               | 8                               | 9                        |
| Interest, dividends, and rents.....                    | 57                   | 49               | 54                              | 53                       |
| Private individual annuities.....                      | 3                    | 2                | 6                               | 2                        |
| Earnings.....  | 49                   | 21               | 37                              | 12                       |
| Public assistance.....                                 | 6                    | 8                | 4                               | 9                        |
| PIA—\$100-127  |                      |                  |                                 |                          |
| Retirement income in addition to OASDI, net total..... | 87                   | 76               | 89                              | 70                       |
| Public and private group pensions.....                 | 39                   | 36               | 42                              | 5                        |
| Veterans' benefits.....                                | 16                   | 6                | 1                               | 10                       |
| Interest, dividends, and rents.....                    | 77                   | 64               | 80                              | 64                       |
| Private individual annuities.....                      | 6                    | 4                | 16                              | 5                        |
| Earnings.....  | 43                   | 26               | 39                              | 19                       |
| Public assistance.....                                 | ( <sup>5</sup> )     | 1                | 1                               | 1                        |

<sup>1</sup> Excludes beneficiaries who received their first benefit in February 1962 or later, as well as the relatively small number with entitled children in their care and with the wife but not the husband entitled.

<sup>2</sup> Includes the income sources of their wives, whether or not they were entitled to benefits. If both husband and wife were entitled on their own earnings record, the primary insurance amount shown is that for the husband.

<sup>3</sup> Never-married, widowed, and divorced women entitled on their own earnings record.

<sup>4</sup> Entitled on the earnings record of a deceased husband.

<sup>5</sup> Less than 0.5 percent.

Source: 1963 Survey of the Aged.

with the size of the PIA, either directly or inversely.

Most striking, perhaps, is the fact that only 45 percent of the minimum PIA group had any reasonably permanent income other than their benefits—including income from property as well as from veterans' and retirement and survivor programs—on which to rely in retirement. This proportion was more than 80 percent for those whose PIA was \$100-\$127 (the maximum at that time). For the nonmarried beneficiaries with the minimum PIA, retirement income in addition to OASDI benefits was usually interest, dividends, or rents and was likely to be small in amount. Even for the married, returns on savings were the most frequent source of retirement income other than OASDI benefits. The relative number with asset income was directly correlated with the size of the PIA, an indication that for most workers the ability to accumulate assets was closely associated with the employment on which their benefits were based.

By contrast, 15 percent of the married men with a minimum PIA reported some income from a public (railroad or government employee) or private group pension—relatively more than at any PIA level except \$100-\$127. Some of these men may have been civil servants or others who earned insured status by “moonlighting”—with enough covered earnings only for the minimum. For these workers the OASDI benefit was thus a supplement to rather than the basic source of retirement income. The wives of others may have had pensions from their own work—as teachers, for example. Among the nonmarried, pensions other than OASDI benefits were negligible for those with a PIA below \$60. Of the retired workers with \$100-\$127, however, roughly two-fifths had a second pension. This was true for women as well as men. Characteristically, it is those with higher benefits who have some additional protection under a staff retirement system.