

Notes and Brief Reports

OASDHI Covered Employment of Foreign Subsidiaries, January-March 1968*

American citizens who are working for foreign subsidiaries of domestic corporations and are covered by old-age, survivors, disability, and health insurance had average taxable earnings of \$3,910 during the first quarter of 1968. These earnings were nearly three times the average of \$1,375 reported for all wage and salary workers for the first quarter of 1968 and were nearly 11 percent higher than the average amount a year earlier. Both higher salaries and the increase in the taxable maximum from \$6,600 to \$7,800 beginning in 1968 contributed to this increase, the largest since these workers were first covered.

The number of firms reporting taxable wages for employees of their foreign subsidiaries and the number of workers covered have leveled off at just under 550 employers and about 10,500 workers. Each firm reporting employed an average of 20 workers.

COVERAGE PROVISIONS

Coverage of foreign subsidiary employment first became effective January 1, 1955, under the 1954 amendments to the Social Security Act. U.S. citizen employees of foreign subsidiaries of American firms may obtain social security coverage only at the request of the domestic corporation. The company must enter into an agreement with the Secretary of the Treasury or his delegate to pay contributions on the wages of its employees on the same basis as if their services were performed in the United States. The agreement must be applicable to all citizens employed outside the United States by the particular foreign subsidiary and to those subsequently employed. The agreement may apply to only one or to any number of foreign subsidiaries of the domestic corporation. After the effective date, an agree-

ment can be terminated by the parent company by giving 2 years' notice, providing that the agreement has been in effect for at least 8 years. Only the Secretary of the Treasury can terminate the agreement sooner. Once terminated for any foreign subsidiary, the agreement cannot be renewed for that company.

The accompanying table uses first quarter reports because they are most representative of overall coverage. Many employees earn the taxable limit (\$1,200 through 1958, \$1,800 through 1965, \$6,600 through 1967, and \$7,800 for 1968) before the end of the second calendar quarter and are not included in later reports for the year. Data were not compiled for the first quarters of 1960 or 1965.

Foreign subsidiary wage report data, January-March, selected years, 1955-68

Year	Domestic corporations	Workers reported	Taxable wages (in thousands)	Average wage per worker
1955.....	81	1,838	\$4,021	\$2,187
1956.....	219	3,173	7,471	2,354
1957.....	276	4,340	10,549	2,431
1958.....	328	5,855	15,468	2,628
1959.....	377	7,243	19,350	2,672
1961.....	447	8,268	22,795	2,757
1962.....	498	8,772	21,956	2,845
1963.....	524	9,376	27,818	2,967
1964.....	537	9,121	27,443	3,009
1966.....	546	10,207	33,800	3,317
1967.....	547	10,689	37,700	3,527
1968.....	544	10,587	41,399	3,910

Benefit Amounts Under 1971 Amendments*

The 1971 amendments to the Social Security Act, enacted by Congress in March, provided a 10-percent increase in basic benefit rates for all beneficiaries except those with "special age-72" benefits who received a 5-percent increase. The new benefit rates, retroactive to January 1971, were first incorporated in the checks for May 1971, which reached the beneficiaries in the first week of June. Supplementary checks mailed during the latter part of June included 4 months' retroactive increases for January through April.

Data showing benefit amounts and averages

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for the major benefit categories under both the old and the new rates are available as of the end of April. For the 26.6 million beneficiaries on the OASDI rolls at the end of April, the new benefit rates meant an additional \$275 million in benefits a month or \$3.3 billion a year.

For retired workers the amendments brought the average benefit up to \$131.10, an increase of more than \$12; for disabled workers the increase meant an average amount of \$145.25, or a rise of more than \$13. For entitled dependents of retired and disabled workers the average increases in benefits ranged from \$3.95 for children of disabled workers to \$6.70 for wives and husbands of retired workers. For the different types of survivor benefits, the average increase in benefit amounts ranged from \$8.25 for the entitled children of insured deceased workers, to \$11.35 for the parents.

Though the legislation generally called for an

across-the-board increase of 10 percent in the primary insurance amount,¹ the increase amounted to somewhat more than 10 percent for persons who had actuarially reduced benefits because they claimed their benefits before age 65. The actuarial reduction was either not applicable at all to the "increase" part of the benefits or applicable to the "increase" to a lesser degree.

The largest percentage increases—10.9 percent—were shown in the benefits for wives and husbands of retired workers and for disabled widows and widowers. The smallest percentage increases—10.0 percent—were seen in the benefit amounts of the widowed mothers, children, and parents of deceased workers.

¹The amount payable to a retired worker who gets his benefit at age 65 or to a disabled worker; it is related to the worker's average monthly earnings. The primary insurance amount is used as the base for computing all types of benefits payable on the basis of one individual's earnings record.

Monthly benefits in current-payment status under old and new rates and percentage increase, by type of beneficiary, at end of April 1971

Type of beneficiary	Number	Total amount (in thousands)		Average amount		Percentage increase
		Old rates	New rates	Old rates	New rates	
Total.....	26,595,362	\$2,678,303	\$2,953,877			10.3
Retired workers and dependents.....	16,769,692	1,797,102	1,984,695			10.4
Retired workers.....	13,542,097	1,608,154	1,775,351	\$118.75	\$131.10	10.4
Wives and husbands.....	2,671,804	163,925	181,802	61.35	65.04	10.9
Children.....	555,791	25,023	27,542	45.02	49.55	10.1
Disabled workers and dependents.....	2,766,168	251,882	277,420			10.1
Disabled workers.....	1,546,517	204,048	224,648	131.94	145.26	10.1
Wives and husbands.....	292,781	12,317	13,605	42.07	46.47	10.5
Children.....	926,870	35,517	39,167	38.32	42.26	10.3
Survivors of deceased workers.....	6,553,233	606,418	667,719			10.1
Widowed mothers.....	521,006	44,825	49,329	86.04	94.68	10.0
Children.....	2,738,107	225,282	247,917	82.28	90.54	10.0
Widows and widowers, nondisabled.....	3,214,759	329,221	362,633	102.41	112.80	10.1
Widows and widowers, disabled.....	51,393	4,200	4,659	81.72	90.66	10.9
Parents.....	27,068	2,891	3,181	103.39	113.75	10.0
Special age-72 beneficiaries.....	506,269	22,901	24,042			5.0
Primary.....	494,416	22,628	23,756	45.77	48.05	5.0
Wives.....	11,853	273	286	22.97	24.17	5.2