of retirement, temporary lay-off, sickness, or shift in jobs. No attempt has been made to adjust the data for any overstatement that might result from their inclusion, except that the coverage estimates for pension plans have been adjusted to exclude annuitants.

Contributions under insured pension plans are on a net basis, with dividends and refunds deducted. Those under noninsured plans are, for the most part, on a gross basis, and refunds appear as benefit payments. For pay-as-you-go (unfunded) plans, contributions have been assumed to equal benefit payments. Estimates of per capita contributions are derived by dividing total anannual contributions by the average number of employees covered during the year.

The number of beneficiaries under pension plans refers to those receiving periodic payments at the end of the year and thus excludes those who received lump-sums during the year. The amounts shown for retirement benefits under noninsured plans include (1) refunds of employee contributions to individuals who withdraw from the plans before retirement and before accumulating vested deferred rights, (2) payment of the unpaid amount of employee contributions to survivors of pensioners who die before they receive in retirement benefits an amount equal to their contributions, and (3) lump-sum payments made under deferred profit-sharing plans. Because the source of the data from which the estimates have been developed does not permit distinction between these lump-sum benefits and the amounts representing monthly retirement benefits, precise data on average monthly or annual retirement benefit amounts cannot be derived.

Notes and Brief Reports

Liberalization of Veterans' Income-Maintenance Programs*

Two laws, signed by President Nixon on December 15, 1971, liberalized the benefits payable under major income-maintenance programs for veterans. Public Law 92–198 revised provisions for the veterans' pension program and Public Law 92–197 made changes in the dependency and indemnity compensation program for veterans' survivors.

VETERANS' PENSIONS

Under P.L. 92–198, approximately 1.6 million veterans and widows received a cost-of-living increase in their pension of 6.5 percent, on the average. The higher benefits are large enough to prevent such persons from losing any part of their pension because they received a 10-percent increase in their monthly cash benefits under old-age, survivors, disability, and health insurance as a result of the March 1971 amendments to the Social Security Act. The liberalizations went into effect on January 1, 1972. Table 1 shows a schedule of the payments at even $100 levels.

Receipt of veterans' pensions is predicated upon financial need. For persons entering the rolls on or after July 1, 1960, pensions are increased or reduced according to income on a sliding scale, with higher payments going to veterans with low income and more dependents.[1] Before P.L. 92–198 was enacted, the pension amounts were determined according to 21 or more income brackets of $100 increments up to a maximum annual income limitation above which the individual could not qualify for a pension. Under this multilevel income-limitation system, a relatively small increase in a pensioner's other income (such as social security monthly cash benefits) could move him into a higher income bracket, and thus reduce his aggregate income.

To avoid this contingency, P.L. 92–198 establishes a new "no aggregate loss" benefit formula and raises the maximum annual income limitation for all categories of pensioners whether they are drawing pensions under the so-called "old" sys-

* Prepared in the Interprogram Studies Branch, Division of Economic and Long-Range Studies

[1] For pensioners on the rolls before July 1, 1960, who chose to stay under the "old" system, the benefits payable are flat-rate amounts with single income limitations The new legislation does not increase these amounts. Presently, 12.8 percent of all pensioners continue to receive benefits under the "old" system.

TABLE 1.—Example of monthly pension rates payable to veterans and their widows at $100 increments under previous law and new law

Annual income not more than—	Veteran alone [1,2]		Veteran and 1 dependent [2,5]		Widow alone [6]		Widow and 1 child [6,7]	
	Previous law [3]	New law [4]	Previous law [3]	New law [4]	Previous law [3]	New law [4]	Previous law [3]	New law [4]
$300	$121	$130	$132	$140	$81	$87	$99	$104
400	119	127	132	140	80	86	99	104
500	117	124	132	140	79	85	99	104
600	115	121	130	138	78	84	99	104
700	112	118	128	136	76	81	98	103
800	108	115	126	134	73	78	97	102
900	104	112	124	132	70	75	96	101
1,000	100	109	122	129	67	72	95	100
1,100	96	105	119	126	64	69	94	99
1,200	92	101	116	123	61	66	92	98
1,300	88	97	113	120	58	63	90	97
1,400	84	93	110	117	55	60	88	96
1,500	79	89	107	114	51	57	86	94
1,600	75	84	104	111	48	54	84	92
1,700	69	79	101	108	45	51	82	90
1,800	63	74	99	105	41	48	80	88
1,900	57	68	96	102	37	45	78	86
2,000	51	62	93	99	33	41	76	84
2,100	45	56	90	96	29	37	74	82
2,200	37	50	87	93	23	33	72	80
2,300	29	43	84	90	17	29	70	78
2,400	-------	36	81	87	-------	25	68	76
2,500	-------	29	78	84	-------	21	66	74
2,600	-------	22	75	81	-------	17	64	72
2,700	-------	-------	72	78	-------	-------	62	70
2,800	-------	-------	69	75	-------	-------	59	67
2,900	-------	-------	66	72	-------	-------	56	64
3,000	-------	-------	62	69	-------	-------	53	61
3,100	-------	-------	58	66	-------	-------	51	58
3,200	-------	-------	54	63	-------	-------	48	55
3,300	-------	-------	50	58	-------	-------	45	52
3,400	-------	-------	42	53	-------	-------	43	49
3,500	-------	-------	34	48	-------	-------	41	46
3,600	-------	-------	-------	43	-------	-------	-------	43
3,700	-------	-------	-------	38	-------	-------	-------	42
3,800	-------	-------	-------	33	-------	-------	-------	42

[1] Pension reduced to $30 after second full month of hospitalization or domiciliary care by the Veterans Administration

[2] Applicable rate supplemented by $110 per month for veteran who is a patient in a nursing home or so helpless or blind as to require the regular aid and attendance of another person, or by $44 when veteran is permanently housebound because of severe disability

[3] Public Law 91-588, effective January 1, 1971

[4] Public Law 92-198, effective January 1, 1972

[5] If veteran has 2 dependents, payment is increased by $5 per month, if 3 or more, by $10

[6] Payment increased by $55 per month when widow is a patient in a nursing home or so disabled as to require the regular aid and attendance of another person

[7] Plus $17 (previous law, $16) per month for each additional child

tem or under the new. These provisions ensure that no pensioner will lose his pension or have it reduced solely because of the 1971 social security increase received on his own behalf. Such reductions or terminations would otherwise have taken place starting January 1972.[2] The new formula also precludes the loss of aggregate income in the future, as long as the pensioner's income does not exceed the maximum annual limitation. Currently, 76 percent of all pensioners also receive social security benefits.

Under the new law, the top income limitation has been raised $300—from $2,300 to $2,600 for single veterans or widows and from $3,500 to $3,800 for a veteran or widow with dependents. For pensioners under the "old" system, the annual limitation was raised from $1,900 to $2,200 for those without dependents and from $3,200 to $3,500 for those with dependents. The income limitation of $2,000 for a child without parents has not been changed.

The "no aggregate loss" benefit formula provides that the maximum monthly pension rate for each class of beneficiary is to be reduced by a specified number of cents for each dollar by which the lower level of the income classification for that group is exceeded. For a veteran without dependents, for example, the maximum monthly pension is $130 (table 1). This monthly amount is reduced for each dollar of annual income above $300 on the basis of the following formula:

Income above $300	*Reduction per dollar of income (in cents)*
$301–1,000	3
1,001–1,500	4
1,501–1,800	5
1,801–2,200	6
2,201–2,600	7

Thus a veteran whose countable income (other than his pension) amounts to $1,683 will receive a monthly pension of $79.85. His pension would have been $69 under the old law.

Similar "no-loss" formulas, varying somewhat in income levels and rates of pension, are established for veterans with dependents and for widows (table 1). For children without parents, flat-rate pensions of $42 for one child plus $17 for each additional child are provided; previous rates were $40 and $16, respectively.

Public Law 92–198 also provides that (1) in determining income for pension purposes, any income used to pay unusual medical expenses is excluded; (2) if a payee loses a dependent by reason of marriage, divorce, or death during the year, benefits are to be continued at the same rate as if there had been no loss until the end of the calendar year (previous law required termination or reduction of benefits at the end of the month in which the event took place); and (3) service on the Mexican border between May 9, 1916, and April 5, 1917, is considered wartime service for pension and compensation purposes.

[2] The effective date for reduction or discontinuance of pensions because of a change in income is the last day of the calendar year in which the change occurred.

VETERANS' SURVIVOR PAYMENTS

Public Law 92–197 provides a cost-of-living increase in dependency and indemnity compensation (DIC) for widows, children, and dependent parents of veterans who died in service or as the result of service-incurred disabilities. Under the new law, about 176,000 widows will receive a 10-percent increase in their monthly DIC rates and 46,000 children (where no widow is involved) will receive a 5-percent increase. The variation in the percentage increases results from the fact that the previous increases for these two types of beneficiaries occurred at different dates.

The new schedule of benefits for widows, effective January 1, 1972, is shown in table 2. Monthly DIC payments to widows are based upon the pay grade of the deceased serviceman. Orphaned children are paid a flat statutory rate that is unrelated to the pay grade of their deceased fathers. Under the new law, the rate rises from $88 to $92 for one child and from $164 to $172 for three children. Each additional child receives $34; previously the amount was $32. Proportionate increases are also authorized for disabled children above age 18 and students aged 18 to 23.

The new measure provides an average increase of 6.5 percent in the DIC rates payable to approximately 68,500 dependent parents. Parents' benefits, unlike the payments for widows and children, vary inversely with income and are subject to maximum annual income limitations—such as those prevailing for veterans' pensions. In keeping with the liberalizations provided by P.L. 92–198 for pensions, the annual income limitation for parents' benefits was raised by $300—to $2,600 for a single parent and to $3,800 for a couple. The new "no-loss" benefit formula approach for the computation of pensions was also adopted for parents' benefits. The maximum benefit for a single parent is now $100 (previously $96) and for a couple living together $67 each (previously $64). In this manner, a reduction in aggregate income that would otherwise occur because of the recent increase in social security benefits will be prevented.

Another change in the law provides an aid-and-attendance allowance of $55 per month to a dependent parent receiving either death compensation[3] or a DIC payment. This is similar to the allowance that is already provided to certain seriously disabled veterans and widows. The additional allowance of $32 per month for a child who is incapable of self-support upon reaching age 18 was increased to $55 under the new legislation.

TABLE 2.—Monthly dependency and indemnity compensation (DIC) payable to widows of deceased veterans or servicemen under previous law and new law

Illustrative grade or rank	Previous DIC rate [1]	New DIC rate [2]
E-1	$167	$184
E-3	177	195
E-5	193	212
E-7	206	227
E-9	228	251
O-1	211	232
O-3	234	257
O-5	272	299
O-7	332	365
O-10	426	469

[1] Under Public Law 91–96, effective December 1, 1969 Basic rate increased by $20 per month for each child below age 18 Basic rate increased by $50 per month (effective January 1, 1971, $55 under Public Law 91–588) when widow is a patient in a nursing home or is so disabled as to require the aid and attendance of another person

[2] Under Public Law 92–197, effective January 1, 1972 Basic rate increased by $22 per month for each child below age 18 Basic rate increased by $55 per month when widow is a patient in a nursing home or is so disabled as to require the aid and attendance of another person

[3] Death compensation is payable if the serviceman or veteran died before January 1, 1957, from a service-connected cause and the survivors chose to continue receiving benefits under the "old" system then in effect.

Social Security Abroad

Switzerland Changes Social Insurance Philosophy*

A recent revision of the Swiss old-age and survivors insurance program—the eighth triennial revision since the system was established in 1948—represents a significant change in the Nation's basic philosophy with respect to economic security. Under the philosophy, the Swiss worker had "three pillars" of protection: social insurance (of which the old-age and survivors insurance benefits form a part), employer pension plans, and private savings and insurance. The old-age

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