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 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

<table>
<thead>
<tr>
<th>Illustrative grade or rank</th>
<th>Previous DIC rate</th>
<th>New DIC rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-1</td>
<td>$167</td>
<td>$184</td>
</tr>
<tr>
<td>E-2</td>
<td>177</td>
<td>195</td>
</tr>
<tr>
<td>E-3</td>
<td>193</td>
<td>212</td>
</tr>
<tr>
<td>E-4</td>
<td>208</td>
<td>227</td>
</tr>
<tr>
<td>E-5</td>
<td>228</td>
<td>251</td>
</tr>
<tr>
<td>O-1</td>
<td>211</td>
<td>232</td>
</tr>
<tr>
<td>O-2</td>
<td>234</td>
<td>257</td>
</tr>
<tr>
<td>O-3</td>
<td>277</td>
<td>300</td>
</tr>
<tr>
<td>O-4</td>
<td>332</td>
<td>365</td>
</tr>
<tr>
<td>O-5</td>
<td>386</td>
<td>420</td>
</tr>
<tr>
<td>O-10</td>
<td>426</td>
<td>459</td>
</tr>
</tbody>
</table>

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 $30 per month (effective January 1, 1971). $50 under Public Law 91–388 (when widow is 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 $50 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

* Prepared by Elizabeth Kreitler Kirkpatrick, International Staff.
and survivors insurance program, like that of the United States but unlike that of other European countries, was therefore designed originally to provide only a floor of protection. The benefit, as a proportion of the worker's final earnings, has been the smallest among European countries. Because the benefit/earnings ratio was set so low, supplementary means-tested allowances became necessary for the needy aged in order to bring their benefit payments up to a national standard.

In the early 1960's, various commissions to propose and draft legislation on improvements in the program were established because of the growing feeling that too many workers and their families needed this supplementation and that merely providing a floor of protection is not enough for today's needs.

These groups have urged that the three "pillars" of protection be strengthened to assure the mass of the citizenry greater opportunity for security in their retirement years. In essence, they recommended:

1. that old-age and survivors insurance pensions be raised to provide, in themselves, a minimum standard of living. Legislation enacted in 1972 will implement these recommendations by providing that maximum and minimum pensions and the ratio of pensions to earnings will go up at a far faster rate than the rise in wages. The minimum and maximum pension amounts will be nearly doubled by the beginning of 1973, and considerable further increases are slated for 1975. The old-age benefit is earnings-related, with an additional 60 percent for a dependent wife and 40 percent for a dependent child. It is anticipated that the new benefits will provide an amount that will not require supplementation (except in unusual circumstances for the disabled, low earners, and widows).

2. that company plans be made compulsory. These private plans would supplement the regular social security pension. Together they would aim at a replacement rate of 60 percent of final covered earnings.

3. that personal savings and insurance be encouraged by specific fiscal measures (tax advantages).

Specifically the eighth revision of the old-age and survivors insurance program provides for increases in the minimum and maximum earnings-related pensions, increases in the national minimum standard for the means test, higher contribution rates, and more liberal benefits for married, separated, and divorced women. The provisions of the eighth revision are expected to go into effect on January 1, 1973.

OLD-AGE AND SURVIVORS PENSION CHANGES

Benefits

Although old-age and survivors insurance was not intended to be the sole source of income for the retired, the benefits under that program have become, for a sizable proportion of the aged population, their only significant income source. In 1964, nearly 154,000 retirees or 21 percent of those receiving old-age and survivor pensions were also receiving means-tested payments.

The problem of inadequate retirement income led to the inauguration on January 1, 1966, of a new system of supplementary payments (through Federal and cantonal subsidized grants). The legislation authorizing these payments established, for old-age and survivors pensioners, the right to a modest minimum income by providing that, if the pension amount does not reach a national standard, supplementary payments will be made that represent the difference between the pensioner's actual income and the national standard.

During the first year of the supplemental program, 131,800 pensioners or 17 percent of all those on the rolls received supplementary benefits amounting to 172.3 million Swiss francs. These payments represented 10 percent of all government retirement expenditures.

Since 1966 the trend has been toward the gradual reduction of the need for supplements by raising the amount of the guaranteed minimum pension at a rate more rapid than the rise in the cost of living or in wages, as the tabulation that follows shows.

<table>
<thead>
<tr>
<th>Year</th>
<th>National minimum standard</th>
<th>Minimum pension (single)</th>
<th>Consumer price index</th>
<th>Hourly wage index</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount (in francs)</td>
<td>Index</td>
<td>Amount (in francs)</td>
<td>Index</td>
</tr>
<tr>
<td>1964</td>
<td>8,000</td>
<td>100</td>
<td>1,500</td>
<td>100</td>
</tr>
<tr>
<td>1965</td>
<td>8,400</td>
<td>100</td>
<td>1,600</td>
<td>100</td>
</tr>
<tr>
<td>1966</td>
<td>8,800</td>
<td>100</td>
<td>1,700</td>
<td>100</td>
</tr>
</tbody>
</table>

1 The Swiss franc equivalent of the United States dollar is 4.3 for 1964 and 1969 and 3.76 for 1972.

As a result, the minimum standard will be 10 percent greater than the minimum pension by

1 In 1966, one United States dollar equaled 4.327 Swiss francs.
1975, instead of 100 percent as it was in 1964. In other words, the regular minimum pension will provide at least a basic acceptable standard of living for the majority of pensioners. This trend is seen most clearly in the decline in the number of pensioners receiving supplementary benefits from 17 percent in 1966 to 13 percent in 1968.

Contributions

Until recently the improvements in benefits were made without changing the contribution rate. For the entire period 1948-68, the contribution rate remained at 2 percent of earnings for both employers and employees and 4 percent for the self-employed. The contribution rate, originally 12 francs a year, was fixed at a lower rate for persons without regular employment—the unemployed, the disabled, and apprentices and students aged 20 and older—to help them maintain credit for coverage. When they go to work they then pay the regular contribution.

Effective January 1, 1969, the contribution rate was raised to 2.6 percent each for employer and employee and 4.6 percent for the self-employed. The 1972 legislation raises contributions to 3.6 percent each for employers and employees for 1973 and 3.9 percent for 1975. For the self-employed, the rate will vary from 3.6 percent for an income of 2,000 francs a year to 6.4 percent for over 20,000 francs. The reduced contribution for persons not regularly employed goes up to 72 francs a year in 1973 and 78 francs in 1975. These increases in contribution rates follow a long-range trend in which expenditures have grown more rapidly because of such factors as increases in benefits and broadening of coverage.

OTHER PROVISIONS

Several minor but interesting changes are included in the legislation that reflect the growing concern with the rights of women under social security. Beginning in 1973 all married women (not just those who are separated or divorced) will have the right to claim half the pension for a retired couple (which is the earnings-related pension plus 60 percent for a dependent spouse). Formerly, they could claim half the pension only if nonsupport were proven.

At present, under the old law, a widow who remarries permanently loses entitlement to a widow's pension based on the first marriage. The new law provides that entitlement is to be restored if the second marriage is annulled or dissolved.

Recent Publications*

GENERAL


RETIREMENT AND OLD AGE


Edited selections from the 9th annual meeting of AAHA, November 9-12, 1970, concerning AAHA's impact on legislation, Federal programs, and homes for the aging.

BLOOM, MARTIN, and NIELSEN, MARGARET. "The Older Person in Need of Protective Services." Social Casework, vol 52, Oct 1971, pp. 500-509. $1.40

A conceptual analysis of the social and psychological problems of the aged as a basis for more effective action on their behalf.


Proposes to improve the quality of living by using the contributions of group workers to modify and create new patterns of social interaction for the aged.


Describes a project developed to test the feasibility of pooling resources to furnish additional social, medical, and nursing services to homes otherwise unable to provide them.

JACOBS, H. LEE, and others Education for Aging: A Review of Recent Literature. Syracuse: Syracuse University, Adult Education Association of the U.S.A.,

* Prepared in the Library, Department of Health, Education, and Welfare. Orders for items listed should be directed to publishers and booksellers; Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.