Notes and Brief Reports

Relative Importance of Income Sources of the Aged*

Information on the relative importance of various sources of income for the aged in 1967 is available from recent tabulations of the 1968 Survey of the Demographic and Economic Characteristics of the Aged (DECA).[1] From them one can answer such questions as how many beneficiaries aged 65 and over had at least half their income from social security benefits or how many of the aged had almost all their income from earnings. In addition, this information is useful in measuring how important retirement benefits are for the aged and whether other sources, such as earnings or public assistance, merely supplement retirement benefits or provide a major portion of their income.

Data on the relative importance of each of the main sources of income, designated "income source scores" ("scores" for brevity), are presented in tables 1–6. To measure the relative importance of various sources of income, each aged unit that reported total money income was given a score for each source of income. The score is the proportion of a given source of income to total income. The difference between these scores and the "shares" referred to in DECA Report No. 1 is that shares are computed by adding the dollar amounts of the particular source for all members of the group in question (such as nonmarried women) and dividing by the sum of the total incomes of the members of the group. Thus, the term shares is purely a group measure, not a unit measure. The relative importance of a source of income to total income can be a group measure or a unit measure.

Figures are presented separately for married couples and nonmarried persons because a couple often has more income sources than an individual, particularly when one of the spouses is younger than age 65. Figures are also presented separately for nonmarried men and nonmarried women because the amount of their income tends to differ considerably. In general, however, nonmarried men and nonmarried women differed little with respect to the relative importance of their sources of income.

MARITAL STATUS

The four most prevalent sources of income for the aged, measured by the percent receiving them, were retirement benefits, income from assets, earnings, and public assistance—in that order (DECA Report No. 1, chart 2). Retirement benefits (including social security benefits, other public pensions, and private pensions) were not only the most prevalent but also the most important source. Fifty-nine percent of all married couples and 64 percent of the nonmarried had at least half their 1967 income from retirement benefits. Twenty-two percent of the married couples and 34 percent of the nonmarried had most of their income (at least 90 percent) from that source (table 1).

Old-age, survivors, disability, and health insurance benefits (OASDHI) constituted the largest part of retirement benefits—almost three-fourths for married couples and more than three-fourths for the nonmarried, as shown by the percentages given below representing shares of total money income from selected sources.

Type of income	Shares of income	
	Married couples	Nonmarried persons
Retirement benefits	42	51
OASDHI	30	40
Other public pensions	6	8
Private pensions	6	3
Veterans' benefits	3	4
Public assistance	2	7
Public income-maintenance payments [1]	41	59
OASDHI as percent of—		
Retirement benefits	71	78
Public income-maintenance payments	73	68

[1] Includes categories listed above (except private pensions); excludes unemployment insurance benefits and workmen's compensation—minor components of total public income-maintenance payments.

Source: Lenore E. Bixby, "Income of People Aged 65 and Older: Overview From the 1968 Survey of the Aged" (DECA Report No. 1), *Social Security Bulletin*, April 1970, table 3.

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[1] For a detailed discussion of the income data originally tabulated from DECA and for technical notes on the survey methodology, see Lenore E. Bixby, "Income of People Aged 65 and Older: Overview from the 1968 Survey of the Aged" (DECA Report No. 1), *Social Security Bulletin*, April 1970, and Patience Lauriat, "Benefit Levels and Socio-economic Characteristics: Findings from the 1968 Survey of the Aged" (DECA Report No. 2), *Social Security Bulletin*, August 1970.

Forty-four percent of the married couples and 54 percent of the nonmarried units had more than half their incomes from OASDHI. Twenty-seven percent of the nonmarried and 13 percent of the couples received most of their income from OASDHI. The two other types of retirement benefits were much less important, with about 6 percent of the aged reporting more than half their income from government employee pensions and only 1–2 percent reporting that large a proportion from private pensions. Though private pensions represented a small part of the income of the aged, they were more important for married couples than they were for nonmarried persons.

Income from assets was the next most prevalent source of income, but it was rarely a major source. More than 80 percent of the married and the nonmarried alike received less than one-fifth of their income from assets and only 5–6 percent received more than half from such sources.

Twenty-three percent of the aged couples had as much as half their income in earnings and only 7 percent of the married couples had most of their income from this source. Still fewer of the nonmarried had as much in earnings, with

TABLE 1.—Income scores: Percentage distributions of all aged units, by source of income, 1967

Proportion of income	Married couples	Nonmarried persons		
		Total	Men	Women
Total number of aged units (in thousands)	4,363	7,720	1,942	5,778
Earnings				
Total percent	100	100	100	100
0–19	61	88	86	88
20–39	10	3	5	3
40–59	9	4	4	4
60–79	8	3	3	3
80 or more	11	2	3	2
50 or more	23	7	8	7
90 or more	7	2	2	2
OASDHI benefits				
Total percent	100	100	100	100
0–19	26	20	18	21
20–39	19	16	18	15
40–59	24	10	20	10
60–79	14	13	15	12
80 or more	17	32	29	33
50 or more	44	54	54	55
90 or more	13	27	24	28
Public pensions other than OASDHI				
Total percent	100	100	100	100
0–19	90	92	90	92
20–39	3	2	2	2
40–59	3	2	2	2
60–79	3	2	2	2
80 or more	2	3	3	2
50 or more	6	5	7	5
90 or more	1	2	3	2
Private pensions				
Total percent	100	100	100	100
0–19	89	95	89	97
20–39	7	3	5	2
40–59	3	2	5	1
60–79	(1)	(1)	1	(1)
80 or more	(1)	(1)	(1)	(1)
50 or more	2	1	2	(1)
90 or more	(1)	(1)	(1)	(1)

TABLE 1.—Income scores: Percentage distributions of all aged units, by source of income, 1967—*Continued*

Proportion of income	Married couples	Nonmarried persons		
		Total	Men	Women
All retirement benefits [2]				
Total percent	100	100	100	100
0–19	18	15	11	16
20–39	14	13	13	13
40–59	20	16	16	16
60–79	17	14	16	14
80 or more	30	41	44	40
50 or more	59	64	68	62
90 or more	22	34	36	34
Public assistance				
Total percent	100	100	100	100
0–19	94	85	87	84
20–39	2	2	4	2
40–59	2	3	2	4
60–79	1	3	2	3
80 or more	1	6	4	7
50 or more	3	11	8	12
90 or more	1	6	4	7
Public income-maintenance programs [3]				
Total percent	100	100	100	100
0–19	17	7	6	8
20–39	14	8	10	8
40–59	18	12	13	12
60–79	15	13	15	12
80 or more	36	59	57	60
50 or more	61	78	77	78
90 or more	27	52	50	53
Income from assets				
Total percent	100	100	100	100
0–19	84	83	84	82
20–39	9	9	8	9
40–59	4	4	4	4
60–79	2	3	2	3
80 or more	1	2	1	2
50 or more	5	6	5	7
90 or more	(1)	1	(1)	1

[1] Less than 0.5 percent.
[2] OASDHI benefits, other public pensions, and private pensions.
[3] OASDHI benefits, other public pensions, public assistance, veterans' benefits, unemployment insurance, and workmen's compensation.

See footnotes at end of table.

88 percent having less than one-fifth their income from earnings.

Public assistance, the least prevalent of the four main income sources, was also a minor source of income for the aged. Almost 95 percent of the married couples and 85 percent of the nonmarried had less than one-fifth of their income from public assistance.

When all the sources of income from the public sector are combined, it is clear that the public income-maintenance programs—OASDHI and railroad retirement, government or military pensions, veterans' benefits, public assistance, unemployment insurance, and workmen's compensation—played a large role in supporting the aged. Sixty-one percent of the married couples and 78 percent of the nonmarried received at least half their income from such programs. Twenty-seven percent of the married couples and 52 percent of the nonmarried received most of their income from these programs. For the aged, OASDHI was the major public income-maintenance program, contributing almost three-fourths of total income for both the married and nonmarried.

The main income differences between married couples and nonmarried persons were that earnings and private pensions were more important for the married couples and that OASDHI benefits and public assistance were more important for the nonmarried. There were no significant differences in receipt of income from assets or public pensions other than OASDHI.[2]

BENEFICIARY STATUS

Obviously, the relative importance of certain income sources is very different for OASDHI beneficiaries than for nonbeneficiaries.[3] By definition, nonbeneficiaries do not receive OASDHI benefits, the most common type of retirement benefit, and they rarely receive private pensions. Instead, between 20 and 25 percent of them had at least half their income from public pensions other than OASDHI: about 1 in 10 relied on them almost exclusively. For 73 percent of the nonbeneficiaries, however, such public pensions amounted to less than one-fifth of their income. Many nonbeneficiaries were still working, or had never earned insured status under OASDHI or in government employment (tables 2 and 3).

For the OASDHI beneficiaries, social security benefits accounted for more than half the total income of 51 percent of the married couples and 65 percent of the nonmarried. These benefits accounted for most of the income of 15 percent of the beneficiary couples and 31 percent of the nonmarried beneficiaries. Neither private pensions

TABLE 2.—Income scores: Percentage distributions of aged beneficiary units, by source of income, 1967 [1]

Proportion of income	Married couples	Nonmarried persons		
		Total	Men	Women
Total number of beneficiary units (in thousands)	3,651	5,945	1,607	4,338
Earnings				
Total percent	100	100	100	100
0–19	65	87	86	88
20–39	11	4	6	3
40–59	10	5	4	5
60–79	8	3	3	3
80 or more	6	1	1	1
50 or more	18	7	6	7
90 or more	2	(2)	1	(2)
OASDHI benefits				
Total percent	100	100	100	100
0–19	15	5	5	5
20–39	21	18	20	17
40–59	27	23	24	23
60–79	16	16	17	16
80 or more	20	38	34	39
50 or more	51	65	63	66
90 or more	15	31	28	33
Public pensions other than OASDHI				
Total percent	100	100	100	100
0–19	92	94	94	94
20–39	3	2	2	2
40–59	2	2	2	2
60–79	2	1	2	1
80 or more	1	(2)	1	(2)
50 or more	4	3	3	3
90 or more	(2)	(2)	(2)	(2)
Private pensions				
Total percent	100	100	100	100
0–19	88	94	87	96
20–39	8	3	6	2
40–59	3	2	5	1
60–79	1	(2)	1	(2)
80 or more	(2)	(2)	(2)	(2)
50 or more	2	1	3	(2)
90 or more	(2)	(2)	(2)	(2)

See footnotes at end of table.

[2] The significance tests were performed at the 95-percent level of confidence using the DECA table of standard errors of estimated percentages.

[3] Excluded from this analysis is the small group of people who received their first benefit in February 1967 or later (part-year beneficiaries), the transitionally insured, and the special age–72 beneficiaries.

TABLE 2.—Income scores: Percentage distributions of aged beneficiary units, by source of income, 1967 [1]—*Continued*

Proportion of income	Married couples	Nonmarried persons		
		Total	Men	Women
	All retirement benefits [2]			
Total percent	100	100	100	100
0–19	10	3	3	4
20–39	15	15	15	15
40–59	22	19	17	20
60–79	19	17	17	17
80 or more	33	46	48	45
50 or more	64	72	74	71
90 or more	24	38	39	38
	Public assistance			
Total percent	100	100	100	100
0–19	95	90	91	90
20–39	2	3	4	2
40–59	3	4	3	4
60–79	1	3	2	3
80 or more	(3)	(3)	(3)	(3)
50 or more	2	5	3	6
90 or more	(3)	(3)	(3)	(3)
	Public income-maintenance programs [4]			
Total percent	100	100	100	100
0–19	10	3	3	3
20–39	15	9	11	8
40–59	20	14	15	14
60–79	18	14	16	14
80 or more	37	59	56	60
50 or more	65	80	78	81
90 or more	28	51	50	52
	Income from assets			
Total percent	100	100	100	100
0–19	83	82	84	81
20–39	9	10	8	10
40–59	4	5	5	5
60–79	3	3	2	3
80 or more	1	1	1	1
50 or more	5	6	5	6
90 or more	(3)	(3)	(3)	(3)

[1] Excludes beneficiaries who received their first benefit in February 1967 or later, the transitionally insured, and special age-72 beneficiaries. These groups are included in tables 1 and 4.
[2] Less than 0.5 percent.
[3] See footnote 2, table 1.
[4] See footnote 3, table 1.

nor government pensions were very important for this group.

Retirement benefits were thus much more important for beneficiaries than for nonbeneficiaries. Sixty-four percent of the beneficiary couples and 72 percent of the nonmarried beneficiaries had more than half their income from retirement benefits, compared with less than 25 percent of the nonbeneficiaries.

Nonbeneficiaries were much more likely than beneficiaries to have earnings account for most of their income. Among the married, 43 percent

TABLE 3.—Income scores: Percentage distributions of aged nonbeneficiary units, by source of income, 1967

Proportion of income	Married couples	Nonmarried persons		
		Total	Men	Women
Total number of nonbeneficiary units (in thousands)	472	1,146	244	902
	Earnings			
Total percent	100	100	100	100
0–19	39	89	88	89
20–39	2	1	(1)	1
40–59	4	1	1	1
60–79	4	(1)	(1)	1
80 or more	49	9	12	9
50 or more	55	10	12	10
90 or more	43	8	12	7
	Public pensions other than OASDHI			
Total percent	100	100	100	100
0–19	73	77	65	80
20–39	2	1	2	1
40–59	5	3	6	2
60–79	7	4	6	3
80 or more	13	16	22	14
50 or more	24	21	32	18
90 or more	10	13	19	11
	Private pensions			
Total percent	100	100	100	100
0–19	100	99	97	100
20–39	(1)	(1)	(1)	(1)
40–59	(1)	(1)	1	(1)
60–79	(1)	(1)	1	(1)
80 or more	(1)	(1)	1	(1)
50 or more	(1)	(1)	2	(1)
90 or more	(1)	(1)	1	(1)
	All retirement benefits [2]			
Total percent	100	100	100	100
0–19	72	76	63	80
20–39	2	2	2	1
40–59	5	2	4	2
60–79	7	4	7	3
80 or more	14	16	24	14
50 or more	24	21	34	18
90 or more	11	13	21	11
	Public assistance			
Total percent	100	100	100	100
0–19	85	54	61	52
20–39	2	1	1	1
40–59	1	1	1	1
60–79	1	2	2	2
80 or more	11	42	35	44
50 or more	12	44	37	46
90 or more	11	41	33	43
	Public income-maintenance programs [3]			
Total percent	100	100	100	100
0–19	57	27	21	28
20–39	2	2	2	3
40–59	4	2	3	2
60–79	5	6	9	5
80 or more	32	63	65	62
50 or more	40	69	75	68
90 or more	28	59	59	59

See footnotes at end of table.

TABLE 3.—Income scores: Percentage distributions of aged nonbeneficiary units, by source of income, 1967—*Continued*

Proportion of income	Married couples	Nonmarried persons		
		Total	Men	Women
	Income from assets			
Total percent	100	100	100	100
0–19	92	89	87	90
20–39	5	5	8	4
40–59	1	1	1	1
60–79	1	2	1	2
80 or more	1	3	3	4
50 or more	2	6	5	6
90 or more	1	3	3	3

[1] Less than 0.5 percent.
[2] See footnote 2, table 1.
[3] See footnote 3, table 1.

of the nonbeneficiaries but only 2 percent of the beneficiaries had most of their income from earnings. Among the nonmarried, earnings accounted for most of the income of 8 percent of the nonbeneficiaries, compared with less than one-half of 1 percent of the beneficiaries. Earnings were at least half the income for 18 percent of the beneficiary couples (in many cases because one spouse had not yet retired) and for 7 percent of the nonmarried beneficiaries.

Public assistance was also more important for nonbeneficiaries than for beneficiaries. Forty-one percent of the nonmarried nonbeneficiaries and 11 percent of the married nonbeneficiaries had most of their income from public assistance, compared with less than one-half of 1 percent of the beneficiaries, both married and nonmarried. With respect to asset income, beneficiaries and nonbeneficiaries did not differ significantly.

As expected, public income-maintenance programs as a whole were more important for beneficiaries. Among the married, 65 percent of beneficiaries compared with 40 percent of nonbeneficiaries had at least half their income from such sources. Among the nonmarried, the figures were 30 percent for beneficiaries and 69 percent for nonbeneficiaries. For beneficiaries OASDHI was the major component, with other sources adding small amounts. For nonbeneficiaries other public pensions and public assistance were both large components. Those two sources alone accounted for most of the income nonbeneficiaries received from public income-maintenance programs, as shown in the following tabulation, which gives the shares of total money income from selected sources by beneficiary status.

Type of income	Shares of income	
	Beneficiaries	Nonbeneficiaries
Percent of total money income: Public income-maintenance payments	54	30
OASDHI	42	
Other public pensions	5	16
Veterans' benefits	4	2
Public assistance	3	12
Percent of all public income-maintenance payments [1]	100	100
OASDHI	78	
Other public pensions	9	53
Veterans' benefits	7	7
Public assistance	6	40

[1] Since other sources included in the public income-maintenance category but not mentioned here are only minor, these data are approximations of public income-maintenance payments.
Source: Lenore E. Bixby, "Income of People Aged 65 and Older: Overview From the 1968 Survey of the Aged" (DECA Report No. 1), *Social Security Bulletin*, April 1970, table 6.

ROLE OF SELECTED INCOME SOURCES FOR RECIPIENTS ONLY

Predictably, the income scores for aged units that reported receiving specified sources of income gave a different impression of the importance of such sources than when they were compiled for the entire survey population. Tables 4–6 show distributions of income sources for recipients only, paralleling the distributions in tables 1–3 that are based on all units, including those that did not receive the particular type of income under review. The relative importance of a source for the total population depends on the number of recipients as well as the size of the scores. Depending on whether there are many or few persons receiving income from the particular sources, the two measures will be similar or disparate. In any case, their score for a specified source will always be larger than that for the total population because the latter excludes zero scores.

As expected, scores for the three sources or combined sources of income (OASDHI, retirement benefits, and public income-maintenance payments) received by at least 85 percent of the aged differed only slightly for the total population and recipients only. This difference is illustrated by the data in the next tabulation, which compares, for the total aged population and for recipients only, the proportion with more than half of their income from the sources specified.

For all other individual sources of income there were striking differences in scores between

Income source and marital status	Percent of units with at least half their income from specified source	
	Total population	Recipients
Public income-maintenance payments:		
Married couples	61	65
Nonmarried persons	78	81
Retirement benefits:		
Married couples	59	64
Nonmarried persons	64	72
OASDHI benefits:		
Married couples	44	49
Nonmarried persons	54	64

the recipients only and the total population. The aged units that had any public assistance, earnings, or public pensions other than OASDHI were likely to obtain at least half their income from those sources, but the proportion of the total population with more than half their income from these same sources was small, as the following tabulation shows. Thus, these income

Income source and marital status	Percent of units with at least half their income from specified source	
	Total population	Recipients
Earnings:		
Married couples	23	50
Nonmarried persons	7	46
Public assistance:		
Married couples	3	45
Nonmarried persons	11	68
Public pension other than OASDHI:		
Married couples	6	51
Nonmarried persons	5	64

sources were quite important for the aged units who received them, although the number of recipients was not large.

Private pensions and income from assets, however, were not important—even for those who received them. Some 60–70 percent of those with income from assets had less than one-fifth of their income from this source. Almost 50 percent of the married couples that received private pensions had less than one-fifth of their income from such pensions. Private pensions were somewhat more important for the nonmarried, but only 16 percent had more than half their income from this source.

An additional source of income not included in the tables deserves some discussion. Interest has been expressed in the amount of contributions from relatives and friends not living in the household as one indication that the aged are economically dependent on others. Data from DECA show that only 2 percent of the married couples and 4 percent of the nonmarried persons received such "outside" contributions. The contributions were fairly important for some of the aged, with about 20 percent of nonmarried recipients having at least half their income from this source. In general, however, outside contributions were an insignificant source of income for the aged.

TABLE 4.—Income scores: Percentage distributions of recipient units among all aged units, by source of income, 1967

Proportion of income	Married couples	Nonmarried persons		
		Total	Men	Women
	Earnings			
Total number of aged units (in thousands)	2,049	1,199	384	815
Total percent	100	100	100	100
1–19	17	21	27	18
20–39	21	22	24	20
40–59	20	25	21	27
60–79	18	18	15	19
80 or more	24	15	13	16
50 or more	50	46	38	50
90 or more	15	10	10	10
	OASDHI benefits			
Total number of aged units (in thousands)	3,854	6,527	1,685	4,842
Total percent	100	100	100	100
1–19	16	5	5	5
20–39	22	18	20	18
40–59	27	22	23	22
60–79	16	16	17	15
80 or more	20	38	34	40
50 or more	49	64	62	65
90 or more	14	32	28	34
	Public pensions other than OASDHI			
Total number of aged units (in thousands)	505	657	199	459
Total percent	100	100	100	100
1–19	12	6	7	5
20–39	24	18	17	19
40–59	25	26	24	27
60–79	22	20	22	19
80 or more	17	30	32	30
50 or more	51	64	66	62
90 or more	9	24	26	23
	Private pensions			
Total number of aged units (in thousands)	806	473	247	226
Total percent	100	100	100	100
1–19	42	21	15	28
20–39	39	43	40	46
40–59	16	30	36	24
60–79	3	5	7	2
80 or more	(1)	(1)	(1)	(1)
50 or more	9	16	18	12
90 or more	(1)	(1)	(1)	(1)

See footnotes at end of table.

TABLE 4.—Income scores: Percentage distributions of recipient units among all aged units, by source of income, 1967—*Continued*

Proportion of income	Married couples	Nonmarried persons		
		Total	Men	Women
All retirement benefits [2]				
Total number of aged units (in thousands)	3,998	6,813	1,776	5,037
Total percent	100	100	100	100
1–19	11	4	3	4
20–39	16	15	14	15
40–59	22	18	17	19
60–79	19	16	17	16
80 or more	33	47	48	46
50 or more	64	72	74	71
90 or more	24	39	40	39
Public assistance				
Total number of aged units (in thousands)	313	1,246	287	960
Total percent	100	100	100	100
1–19	15	6	12	4
20–39	22	16	25	13
40–59	33	21	16	23
60–79	12	17	16	18
80 or more	18	40	31	42
50 or more	45	68	53	73
90 or more	17	38	29	41
Public income-maintenance programs [3]				
Total number of aged units (in thousands)	4,081	7,396	1,881	5,515
Total percent	100	100	100	100
1–19	11	3	3	3
20–39	15	9	10	8
40–59	19	13	13	12
60–79	16	13	15	13
80 or more	38	62	58	63
50 or more	65	81	80	82
90 or more	29	55	52	56
Income from assets				
Total number of aged units (in thousands)	2,279	3,135	753	2,382
Total percent	100	100	100	100
1–19	70	57	60	57
20–39	16	22	22	22
40–59	8	11	10	11
60–79	5	7	5	7
80 or more	1	4	3	4
50 or more	9	16	13	16
90 or more	(1)	2	1	2

[1] Less than 0.5 percent.
[2] See footnote 2, table 1.
[3] See footnote 3, table 1.

SUMMARY

These new tabulations of income scores emphasize that, even in 1967 (before recent social security benefit increases), retirement income was the most important source of income for the aged, largely because of the importance of OASDHI.

TABLE 5.—Income scores: Percentage distributions of recipient-beneficiary units, by source of income, 1967 [1]

Proportion of income	Married couples	Nonmarried persons		
		Total	Men	Women
Earnings				
Total number of aged units (in thousands)	1,596	983	321	661
Total percent	100	100	100	100
1–19	21	23	29	21
20–39	25	24	28	22
40–59	22	28	22	31
60–79	19	18	15	20
80 or more	13	6	6	7
50 or more	42	40	32	44
90 or more	4	2	3	2
OASDHI benefits				
Total number of aged units (in thousands)	3,626	5,917	1,598	4,319
Total percent	100	100	100	100
1–19	14	5	4	5
20–39	21	18	20	17
40–59	28	23	24	23
60–79	16	16	18	16
80 or more	20	38	34	39
50 or more	51	65	63	66
90 or more	15	32	28	33
Public pensions other than OASDHI				
Total number of aged units (in thousands)	330	368	109	259
Total percent	100	100	100	100
1–19	14	8	11	7
20–39	32	28	27	30
40–59	28	38	29	40
60–79	20	21	26	19
80 or more	7	5	8	4
50 or more	39	45	47	45
90 or more	11	2	4	1
Private pensions				
Total number of aged units (in thousands)	721	445	238	207
Total percent	100	100	100	100
1–19	39	20	16	26
20–39	41	44	41	48
40–59	17	32	37	27
60–79	3	4	7	(2)
80 or more	1	(2)	(2)	(2)
50 or more	9	15	17	12
90 or more	(2)	(2)	(2)	(2)
All retirement benefits [3]				
Total number of aged units (in thousands)	3,630	5,917	1,598	4,319
Total percent	100	100	100	100
1–19	10	3	2	3
20–39	16	15	15	15
40–59	22	19	18	20
60–79	19	17	18	17
80 or more	34	46	48	45
50 or more	65	72	74	72
90 or more	25	38	39	38

See footnotes at end of table.

TABLE 5.—Income scores: Percentage distributions of recipient-beneficiary units, by source of income, 1967 [1]—*Continued*

Proportion of income	Married couples	Nonmarried persons		
		Total	Men	Women
Public assistance				
Total number of aged units (in thousands)	232	661	181	480
Total percent	100	100	100	100
1–19	19	12	20	8
20–39	25	26	36	22
40–59	41	36	24	40
60–79	12	26	19	28
80 or more	1	(2)	(2)	1
50 or more	32	46	30	52
90 or more	(2)	(2)	(2)	(2)
Public income-maintenance programs [4]				
Total number of aged units (in thousands)	3,626	5,921	1,598	4,323
Total percent	100	100	100	100
1–19	10	3	2	3
20–39	16	9	11	8
40–59	20	14	15	14
60–79	18	14	16	14
80 or more	37	59	56	60
50 or more	66	81	78	81
90 or more	28	52	50	52
Income from assets				
Total number of aged units (in thousands)	1,924	2,561	635	1,926
Total percent	100	100	100	100
1–19	68	58	60	58
20–39	18	22	21	23
40–59	8	11	12	10
60–79	5	6	6	7
80 or more	1	2	2	2
50 or more	9	14	14	14
90 or more	(2)	1	(2)	1

[1] Excludes beneficiaries who received their first benefit in February 1967 or later, the transitionally insured, and special age-72 beneficiaries. These groups are included in tables 1 and 4.
[2] Less than 0.5 percent.
[3] See footnote 2, table 1.
[4] See footnote 3, table 1.

Although earnings were not very important to the nonmarried, they made up at least half the income of about 23 percent of married couples. All other sources—public assistance, asset income, public pensions other than OASDHI, and private pensions—were comparatively minor for both the married and nonmarried. Comparisons by beneficiary status showed that beneficiaries depended heavily on OASDHI and nonbeneficiaries depended on earnings, other public pensions, and public assistance.

The picture changed somewhat when only those who received particular sources rather than the total population were considered. Public

TABLE 6.—Income scores: Percentage distributions of recipient-nonbeneficiaries, by source of income, 1967 [1]

Proportion of income	Married couples	Nonmarried persons		
		Total	Men	Women
Earnings				
Total number of nonbeneficiary units (in thousands)	299	143	(2)	106
Total percent	100	100	100	100
1–19	4	10	(2)	7
20–39	4	5	(2)	7
40–59	7	6	(2)	6
60–79	7	4	(2)	5
80 or more	78	76	(2)	76
50 or more	87	82	(2)	84
90 or more	68	65	(2)	61
Public pensions other than OASDHI				
Total number of nonbeneficiary units (in thousands)	134	275	(2)	188
Total percent	100	100	100	100
1–19	4	3	(2)	4
20–39	7	5	(2)	5
40–59	18	11	(2)	8
60–79	25	16	(2)	15
80 or more	46	65	(2)	68
50 or more	84	86	(2)	84
90 or more	34	54	(2)	54
All retirement benefits [3]				
Total number of nonbeneficiary units (in thousands)	137	286	(2)	195
Total percent	100	100	100	100
1–19	5	4	(2)	5
20–39	7	6	(2)	6
40–59	18	10	(2)	8
60–79	24	16	(2)	16
80 or more	47	64	(2)	65
50 or more	83	85	(2)	82
90 or more	38	53	(2)	52
Public assistance				
Total number of nonbeneficiary units (in thousands)	(2)	523	(2)	428
Total percent	100	100	100	100
1–19	(2)	(4)	(2)	(4)
20–39	(2)	3	(2)	3
40–59	(2)	2	(2)	2
60–79	(2)	4	(2)	4
80 or more	(2)	91	(2)	92
50 or more	(2)	96	(2)	96
90 or more	(2)	90	(2)	91
Public income-maintenance programs [5]				
Total number of nonbeneficiary units (in thousands)	222	853	194	659
Total percent	100	100	100	100
1–19	8	1	1	2
20–39	5	3	3	3
40–59	9	3	4	3
60–79	10	8	11	7
80 or more	68	84	81	85
50 or more	85	93	95	92
90 or more	59	79	74	80

See footnotes at end of table.

TABLE 6.—Income scores: Percentage distributions of recipient-nonbeneficiaries, by source of income, 1967 [1]—*Continued*

Proportion of income	Married couples	Nonmarried persons		
		Total	Men	Women
	Income from assets			
Total number of nonbeneficiary units (in thousands)	224	332	(2)	251
Total percent	100	100	100	100
1–19	84	62	(3)	62
20–39	11	17	(3)	15
40–59	2	3	(3)	3
60–79	1	6	(3)	8
80 or more	2	12	(3)	13
50 or more	3	20	(3)	22
90 or more	2	11	(3)	12

[1] Data on private pensions are excluded because the base is less than 100,000.
[2] Denominator less than 100,000.
[3] See footnote 2, table 1.
[4] Less than 0.5 percent.
[5] See footnote 3, table 1.

assistance, earnings, and other public pensions were almost as important for recipients as retirement income. Private pensions were much more important for recipients than they were for the total survey population. Asset income, which many aged units received, was rarely a major source of income.

Social Security Abroad

Proposed Pension Reform in United Kingdom, 1972*

The United Kingdom's proposed 1972 social security legislation is the most recent in a series of efforts by that country to overhaul its pension program in order to ensure adequate income to the aged. The bill provides that private pensions (termed "occupational schemes") would supplement existing flat-rate benefits for most of the labor force.

In 1971, the Conservative Government issued a White Paper on pension reform. That paper, which emphasized the role of private pension plans, was the basis of the 1972 proposed legislation. In 1969, the Labor Government had proposed a universal earnings-related, pay-as-you-go system to replace the existing fixed benefit that is supplemented by an earnings-related second layer.

Currently, employees may "contract out" of the public earnings-related part and join a private company benefit plan instead. Under the proposed 1972 bill, the earnings-related ("graduated pensions") layer would no longer be part of the public social security program but would be handled primarily through private channels. This reliance on private rather than public insurance is its principal innovation.

The Conservative Government's emphasis on private pension plans is based in part on a desire to cut Government expenditures in the social insurance-welfare field. Cost savings are anticipated through reduced expenditures for means-tested supplementary pensions now used to bring the flat-rate old-age benefit up to a guaranteed minimum level. Potential savings are seen also through reduced administrative costs to the Government as a large part of the coverage is turned over to private funds. In addition, it is assumed that as more workers are covered by private plans the subsequent rise in benefit levels will reduce the need for supplemental pensions to the low-income elderly, one of the major cost items in social security programs.

HISTORICAL BACKGROUND

The basic principles on which the British social security system operates were formulated by William Beveridge in 1942.[1] He envisioned a universal compulsory insurance program in which retirees received flat-rate basic benefits, regardless of means, in return for flat-rate workers' contributions, without regard to earnings. Wage and salary workers were to depend on private insurance (employee-benefit plans) for anything beyond the basic benefit. He hoped that encouraging expansion of private plans would lead to retirement income high enough to approach the preretirement level of living. He also saw a need for an assistance supplement for the poor who

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[1] Sir William Beveridge, *Social Insurance and Allied Services*, New York, Macmillan Co., 1942. (Reprint edition, Agathon Press, Inc., New York, 1969.)