Relationship Between the Retirement, Disability, and Unemployment Insurance Programs: The U.S. Experience

by Virginia P. Reno and Daniel N. Price*

This article was prepared initially for an international conference of social security program administrators and researchers. They examined the reasons for, and implications of, a recent trend in several European countries toward making it easier to qualify for retirement or disability benefits as a way of alleviating long-term unemployment. The article notes that the United States has not followed this trend. Instead, this country has continued to use temporary extensions of unemployment insurance benefits as a way to help the long-term unemployed during recessionary periods. Since the mid-1970's, the emphasis in retirement and disability insurance programs has been to strengthen the financial integrity of these programs rather than to expand eligibility. Described here are the progression of extended benefit provisions of unemployment insurance through the most recent recession, the historical development of early retirement features in the social security program, and the more recent attention that has been paid to the financing issues that have played a central role in legislation during the late 1970's and early 1980's. Unemployment experience and trends toward early retirement are examined, along with the role of public and private employee pension plans that supplement social security retirement benefits. Preliminary data from the Social Security Administration's New Beneficiary Survey show the prevalence of such pension coverage for recent retirees and the extent to which these pension benefits were claimed before normal retirement age.

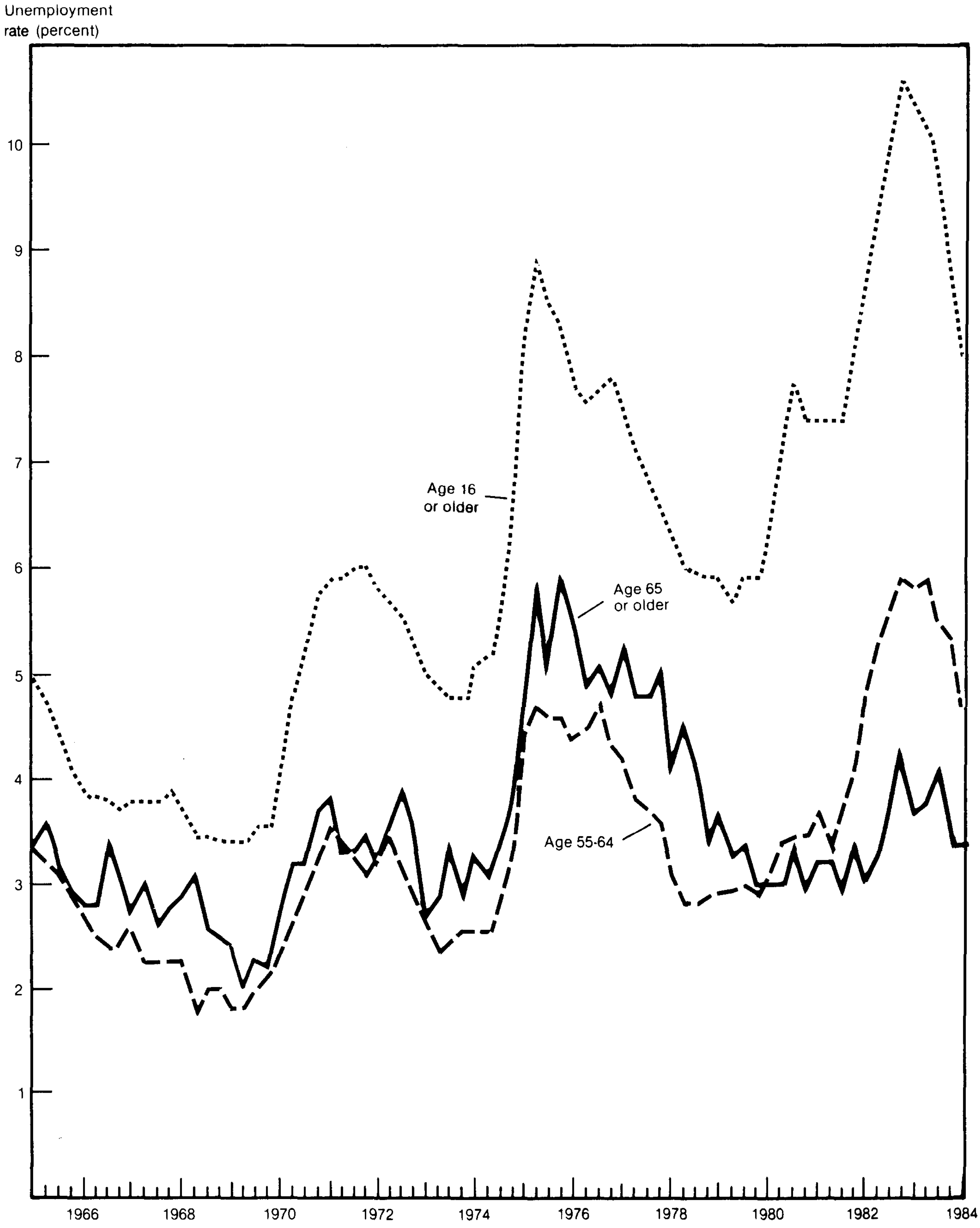
Persistent, high rates of unemployment have been a serious concern in the United States as well as in other highly industrialized countries. The recent trend in some European countries has been to extend eligibility under programs traditionally designed for the retired or the disabled as a way to alleviate unemployment. The U.S. response to high unemployment has followed a more traditional approach—that is, to maintain separate, categorical remedies to help the long-term unemployed and to reject policy options to expand eligibility under public retirement or disability programs.

The United States experienced high unemployment levels during the mid-1970's and early 1980's that were unprecedented since the Depression of the 1930's. In 1983 and 1984, however, unemployment rates were again declining (chart 1). Despite unprecedented peaks in unemployment over the past decade, the number of employed persons has grown, from 80.8 million workers in 1970 to 102.5 million in 1983.

Contributing to the growth of the U.S. workforce are

* Reno is Director of the Program Analysis Staff, Office of Research, Statistics, and International Policy (ORSIP), Office of Policy, Social Security Administration, and Price is an ORSIP analyst. This article is based on a paper prepared by the authors for presentation by John J. Carroll, then Acting Director of ORSIP, at the Research Conference on Interrelationships Between the Social Contingencies of Unemployment, Illness, Invalidity and Old Age, conducted by the International Social Security Association on September 11-13, 1984, in Vienna. The authors wish to acknowledge the help of Linda Drazga Maxfield, who provided data from the New Beneficiary Survey for this analysis, and Sally Sherman, who assisted in assembling research materials for it. For the proceedings of the Research Conference, see **Social Security, Unemployment and Premature Retirement** (Studies and Research Series, No. 22), International Social Security Association, Geneva, Switzerland, 1985.

Chart 1. — Quarterly unemployment rates for total U.S. civilian labor force and for older workers, 1965-84



the large number of persons born in the 20 years following World War II. This "baby-boom" generation reached adulthood and joined the workforce in the 1970's and early 1980's. In addition, growing proportions of women have been entering and remaining in the workforce. The large number of new workers has challenged the capacity of the U.S. economy to provide enough jobs, particularly in economic downturns. The recent economic recovery, however, has brought a decline in unemployment from a high of 10.6 percent in the last quarter of 1982 to 7.1 percent in June 1984.

This article describes the response of U.S. social insurance programs to the economic problems of the 1970's and early 1980's. The policy response has been to maintain separate and distinct remedies for unemployed workers in the unemployment insurance program and to enact changes in the old-age, survivors, and disability insurance (OASDI) program to stabilize both the long-term and short-term financing of those programs.

The first section of this article describes the U.S. unemployment insurance program and documents the ways in which temporary extensions of unemployment benefits have been provided in every major recession since the late 1950's. It also describes briefly the experience of older workers under the unemployment insurance program and changes that recently have been introduced to limit payment of unemployment benefits to older workers who receive retirement benefits.

The second section, which summarizes OASDI policy changes, notes that the United States has not expanded early retirement provisions under the social security program since 1961, when reduced benefits were first made available to men at age 62. The 1961 change was made, in part, to help alleviate unemployment of older men during the 1961 recession. But during the 1970's and early 1980's, when the United States again experienced high rates of unemployment, both long-range and short-range OASDI financing problems required attention and forestalled any interest in expanding early retirement options. In fact, the 1983 Amendments to the Social Security Act changed future retirement-age policy to encourage later retirement and, in that way, to help control the long-range cost of the program. The OASDI program is financed almost exclusively from earmarked taxes, primarily payroll taxes levied equally on employees and employers. A sound long-term balance between projected revenues and projected program costs is essential in maintaining public confidence in the program.

The third section reports briefly on U.S. retirement trends during the 1970's and early 1980's and notes that an increasing proportion of men are leaving the labor force before age 62, even though social security policy has not been changed to encourage such a trend. The fourth section describes briefly the private and public employee pension systems in the United States. These pension plans, which typically are designed to supplement social security, often provide retirement benefits before age 62. The section also presents findings from the Social Security Administration's New Beneficiary Survey indicating that significant numbers of men and women who draw retirement benefits under social security have begun receiving other pensions before age 62.

Unemployment Compensation—Policy Responses

Unemployment rates in the United States declined throughout most of 1983 and again in 1984. The 7.1-percent rate of June 1984 was still higher than desirable, but was clearly an improvement over the 10.6-percent rate experienced in the last quarter of 1982. The recent high unemployment rates prompted government action, resulting in Federal Supplemental Compensation, a temporary extension of unemployment insurance benefits to help the long-term unemployed. This section briefly describes the current unemployment insurance system, the evolution of programs that extend benefit duration when unemployment becomes severe, and the relationship of unemployment insurance to problems experienced by older unemployed workers.

The Basic Unemployment Insurance System

Unemployment insurance is a Federal-State program established by the Social Security Act of 1935. Each State operates its own program under its own law within national guidelines. Standards are set under the Federal law to assure that each State participating in the program has an insurance system that is financially sound and fairly administered. There are no Federal requirements concerning benefit amount or duration. Federal loans are available to the States when their own funds are inadequate to meet current claims for benefits.

Benefits are financed from State taxes paid by employers on workers' earnings up to an annual maximum. A few States also tax employees. The tax rate varies by industry and employer, according to the firm's previous experience in maintaining a stable workforce. Funds for administration are provided through a Federal payroll tax on employers. The Federal payroll tax rate was 3.5 percent of covered earnings of the employer's workers through 1984. However, employers could credit toward the Federal tax (up to 2.7 percent of the 3.5 percent) the State tax payments and savings under their plan for maintaining labor-force stability. After December 31, 1984, the Federal tax rate increased to 6.2 percent and the maximum credit rose to 5.4 percent, so the net Federal tax continues to be 0.8 percent.

The main objective of unemployment insurance is to provide, as a matter of right, partial wage replacement for temporary periods of involuntary unemployment.[1] It also is intended to stabilize the economy during recessions by maintaining purchasing power, and prevent the dispersal of an employer's trained workforce, the sacrifice of skills, and the breakdown of labor standards during temporary unemployment.

About 97 percent of all wage and salary workers are covered by unemployment insurance. Most of these persons are covered under the State programs, although special Federal programs protect Federal employees, members of the military, and railroad workers. Some persons fail to meet the coverage or eligibility requirements needed to receive benefits because they have an insufficient attachment to the labor force—such as some farm, domestic, and casual workers—or are new job entrants. Self-employed workers are excluded from the law.

To receive unemployment benefits while out of work, a covered individual must meet eligibility criteria. In general, the worker must:

- have been employed in at least two quarters during a recent period, called the base period, and have earned specified minimum dollar amounts or have worked for a specific number of weeks;
- show that he or she is able and willing to take a job; and
- be involuntarily unemployed.

Benefits may be postponed, reduced, or cancelled under certain conditions of voluntary job separation, discharge for misconduct, refusal of a suitable job offer, or unemployment due to a labor dispute, receipt of other income, or seasonal unemployment.

A weekly benefit is generally payable in most States after 1 uncompensated "waiting" week. Some States do not require a waiting period. The benefit generally amounts to about half the worker's wage, with a somewhat higher proportion going to lower paid workers in some States and an additional dependents' allowance available in 13 of the 50 States and the District of Columbia. In all the States, the weekly benefit may not exceed a specified State maximum amount. This maximum is indexed with changes in wages in 35 of the States.

Benefits are most commonly payable for a maximum of 26 weeks, though the potential duration may be shorter in most States if the worker has had insufficient attachment to the labor force. Benefits have been extended beyond the 26-week duration of the basic program a number of times during economic downturns.

[1] William Haber and Merrill G. Murray, **Unemployment Insurance in the American Economy**, 1966, page 26.

Unemployment Insurance for the Long-Term Unemployed

Although unemployment insurance is basically intended to provide a partial, wage-related benefit for short-term temporary periods of unemployment, cyclic changes in the economy and recognition of structural unemployment have caused the Federal Government to extend the duration of benefits a number of times during the past 25 years. This section documents the ways in which the Federal Government has provided extensions of unemployment insurance benefits in every major recession since 1958.[2]

Temporary program of Federal loans to States, 1958-59. During the recession of 1958-59, the 1958 Temporary Unemployment Compensation Act provided a voluntary program under which States could make agreements with the Secretary of Labor to extend benefits for up to 13 additional weeks to workers who had exhausted their regular benefits (which usually last 26 weeks). The extended benefit amount was the same as the regular amount. The program was financed by interest-free loans from the Federal Government, to be repaid later by the States.

Seventeen States participated in the program and another five paid additional benefits under their own programs. In all, $600 million was paid in extended benefits during 1958-59 to 2 million workers in the 22 States.[3] Participation was limited because of the repayment requirement.

Temporary program of extended benefits, 1961-62. During the 1961 recession, the Temporary Extended Unemployment Compensation Act (TEUC) of 1961 extended benefits nationwide for up to 13 weeks to persons who had exhausted benefits under the regular program. The TEUC program was financed by a temporary addition to the Federal unemployment insurance payroll tax. It paid $817 million in benefits during 1961-62 to about 2.8 million persons.

Permanent program of extended benefits activated by high unemployment, 1970 to date. The Extended Unemployment Compensation Act of 1970 was the culmination of a number of bills considered during the 1960's to initiate a permanent program of extended benefits. The Extended Benefit (EB) program in 1970 followed the earlier pattern of extending the worker's weekly benefit for up to 13 weeks beyond the regular benefit duration of 26 weeks. The EB program is financed by unemployment insurance payroll taxes, half from the Federal and half from the State tax. All States are required to participate.

Under the original program, extended benefits were activated nationally when the national insured unem-

[2] National Commission on Unemployment Compensation, **Final Report**, July 1980.

[3] Data on benefits paid are from unpublished tabulations by the Unemployment Insurance Service, Department of Labor.

ployment rate reached a specified level and were deactivated when the rate fell below a certain level. Even if benefits had not been activated nationally, they could have been paid in an individual State if that State experienced unusually high unemployment.

From 1972 to 1975, Congress enacted temporary changes in the specific provisions for activating and deactivating the program. In 1981, the permanent EB program was narrowed in scope so that it now is activated only on a State-by-State basis; it is not activated nationally. And the State unemployment levels that activate the program were raised.

The EB program has paid benefits every year since 1970. Total payments through 1983 amounted to $17.2 billion, about the same as the combined amount of all the temporary extended benefit programs before and since the advent of the EB program. Even with the EB program, adverse employment conditions during the 1970's prompted the Federal Government to enact further extensions of benefits.

Temporary program of supplemental benefits, 1971-72. The Emergency Unemployment Compensation Act of 1971 provided an additional 13 weeks of benefits beyond the EB period (for a total of up to 52 weeks of benefits) in States that experienced particularly adverse unemployment conditions. Nearly $600 million was paid in 1971-72.

Temporary program of supplemental benefits, 1974-78. The Emergency Unemployment Compensation Act of 1974, plus three subsequent amendments, established the Federal Supplemental Benefits (FSB) program, which paid benefits from 1975 through early 1978. This program provided a longer benefit duration than ever before, up to a total of 65 weeks. The final amendments to this program provided for general revenue financing, instead of the payroll tax financing that had characterized all previous programs of extended benefits. Benefits amounting to more than $6.5 billion were paid under the program.

Temporary program of benefits for the uninsured, 1974. In 1974, the Emergency Jobs and Unemployment Assistance Act established a temporary program, not to extend benefits for insured workers, but to provide unemployment assistance to workers who were not covered under the regular program. This program, financed from general revenues, helped farm workers, domestic workers, and State and local government workers and paid $2.5 billion in benefits. Experience with this program led to coverage of these groups under the regular Federal-State system.

Temporary program of supplemental benefits, 1982-85. In 1982, the Federal Supplemental Compensation (FSC) program was enacted to provide benefits to workers who exhausted their regular and extended benefits. Through March 1985, 8-14 weeks of FSC were payable (plus extra benefits under certain circumstances). Because extended benefits were paid only on a State-by-State basis, some workers start receiving FSC benefits directly after exhausting their regular benefits. FSC benefits were financed from general revenues. About $7.5 billion was paid through March 1984. As of March 1985, when the program ended, only three States were paying extended benefits under the permanent program, but all the States were paying FSC benefits.

Unemployment and Older Workers

In general, unemployment rates for older workers are lower than for the U.S. workforce as a whole. As shown in chart 1, historical unemployment rates for workers aged 55-64 and for workers aged 65 or older have remained considerably below the rates for the entire workforce aged 16 or older. In the last quarter of 1982, when the national unemployment rate reached 10.6 percent, the rate for workers aged 55-64 was 5.3 percent and that for workers aged 65 or older was 3.4 percent. In recent years, the highest rates of unemployment have been experienced by young workers—teenagers and persons in their early twenties—as the following annual average unemployment rates for 1982 and 1983 show.

Age	1982	1983
All ages, 16 or older	9.7	9.6
16-19	23.2	22.4
20-24	14.9	14.5
25-54	7.9	8.0
55 or older	5.0	5.3

The young unemployed include a large number of labor-force entrants and reentrants. The unemployment insurance program provides benefits to workers who lose their jobs and generally does not pay benefits to persons who lack recent covered work experience.

The insured unemployment rate is used to measure experience under the unemployment insurance program and is calculated as the proportion of workers covered under the program who file for unemployment insurance benefits. Older workers generally account for a larger proportion of the "insured unemployed" than they do of the total unemployed population. Daniel S. Hammermesh estimated that about 10 percent of the unemployed in 1977 were aged 55 or older but that 16 percent of those claiming unemployment insurance were concentrated in those ages.[4] Thus, the older unemployed appear to be more likely than their younger counterparts to receive unemployment insurance benefits.

During the 1970's, however, older unemployed workers were likely to experience longer spells of unem-

[4] Daniel S. Hammermesh, **Unemployment Insurance and the Older American**, W.E. UpJohn Institute for Employment Research, 1980, pages 4-6.

ployment before finding work than was the case for their younger counterparts. During the period 1968-81, men aged 60 or older experienced an average of 16 weeks of unemployment before finding work, while men aged 25-44 searched an average of 12 weeks before doing so.[5]

Data from the extended benefit programs show whether older workers are more likely than their younger counterparts to exhaust their regular benefits and turn to the special extended benefit programs. During the recent economic downturn, older workers did not appear to rely disproportionately on the extended benefit programs. In July-August 1983, for example, persons aged 50 or older accounted for 19.4 percent of those receiving regular unemployment insurance benefits but only 16.7 percent of those receiving extended benefits under the Federal Supplemental Compensation program.[6] Similar results are found in a March 1984 study of FSC recipients for the U.S. Department of Labor. That study found that "The age and sex distribution of FSC recipients was quite similar to the distribution of unemployment insurance recipients who did not receive these extended benefits. . . . This finding contrasts with the experience in the 1974-75 recession when extended benefit recipients were more likely to be older and more likely to be women than other groups of the insured unemployed." [7]

During the 1960-61 recession, claimants under the extended benefit program were older than the recipients of regular program benefits.[8] Thus, the experience during the 1982-83 period represents a departure from experience in both the 1974-75 and 1960-61 periods, when recipients of extended benefits tended to be older than the recipients of regular unemployment benefits.

Trade Adjustment Assistance

Between 1974 and 1981, a Federal program provided extended unemployment benefits to older workers (those aged 60 or older) whose job loss was caused by imports. These extended benefits for older workers were part of a package of benefits and special allowances for workers of all ages to assist in retraining, job search, and relocation expenses when their unemployment was attributable to international trade. In 1974, the Trade Readjustment Allowances (TRA's) provided for an augmented weekly unemployment benefit, generally higher than benefits under State law, and for an additional duration of benefits, for a combined State and TRA duration of up to 52 weeks. An additional 26 weeks of benefits was provided for individuals who were in retraining programs and for workers who were at least 60 years old.

In 1981, the weekly TRA allowance was set at the same amount as for regular State benefits and the basic duration was limited to 26 weeks. An additional 26 weeks of benefits are payable to workers in retraining, but overall duration is limited to 52 weeks. The older worker benefit was eliminated.

Unemployment Benefits and Retirement Benefits

In recent years, concern had been expressed that payment of unemployment benefits to retired workers was unjustified based on the concept that retired workers are no longer in the labor force. In response to this concern, Congress enacted a provision to offset unemployment benefits against retirement benefits. Proposals have also been made to extend additional unemployment benefits to older workers to encourage them to remain in the labor force instead of retiring early. No action has been taken on these latter proposals.

Offset between unemployment and retirement benefits. Congress enacted in 1976, and amended in 1980, a provision to offset unemployment insurance benefits dollar for dollar by any pension the claimant receives from his or her previous employment.[9] The offset applies to social security retirement benefits as well as to private pensions.

States have some latitude in determining how to apply the offset. It must apply if the private plan was provided by the same employer who provided unemployment insurance coverage for the worker and if the recent work for that employer (in the unemployment insurance "base period") counted toward the worker's pension rights. As of January 1984, many of the States applied the offset on a broader basis than required by the Federal law. In 22 States, the offset is applied even if the immediate work for the employer did not enhance the worker's pension. In five other States and the District of Columbia, the offset is applied to any private pension. The law requires that social security retirement benefits also serve to reduce the unemployment benefit amounts even if social security coverage in the "base period" did not enhance the worker's social security benefit amount. The Federal law allows each State to take into account the effect of employee contributions to pension plans in determining how to apply the offset.

[5] Philip L. Rones, "The Labor Market Problems of Older Workers," **Monthly Labor Review**, Department of Labor, May 1983, page 7.

[6] **Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means, U.S. House of Representatives**, February 21, 1984, page 264.

[7] Walter Corson, **Characteristics of FSC I/II Recipients**, Mathematica Policy Research, March 1984, page 2.

[8] **The Long Term Unemployed, Comparison with Regular Unemployment Insurance Claimants**, Special TEUC Report Number 3, November 1965, page 12.

[9] Unemployment Compensation Amendments of 1976 (Public Law 94-566) and Multiemployer Pension Plan Amendments Act of 1980 (Public Law 96-364).

The offset applies only to retirement benefits based on the worker's own employment, not to spouse or survivor benefits. It is still to be resolved whether disability benefits are to be treated as "pensions" or "retirement" benefits and thus be subject to the offset.

Proposals to extend unemployment benefits. Proposals have been made specifically to add benefits for older unemployed workers to encourage them to remain in the workforce and forgo early retirement benefits. The Report of the National Commission on Unemployment Compensation recommended that an unemployment benefit lifetime reserve program be established to reward the labor-force attachment of older workers. This reserve would provide up to 52 weeks of extra benefits to those aged 60–64 after they had used up their normal unemployment insurance entitlement. According to the Commission, such benefits would be important in maintaining and making the fullest use of the skills and experience of the labor force as well as in conserving social security funds.[10]

Another proposal outlined a series of alternative provisions for giving extra unemployment benefit protection to older workers. Up to 52 weeks of extra benefits would be made available to workers as young as age 55. This proposal, made by Steve L. Barsby,[11] also emphasized the objective of strengthening the labor-force attachment of older workers and delaying their receipt of social security retirement benefits. Thus far, little if any action has been taken to implement these types of proposals.

The Social Security System

The basic OASDI (or social security) program for retirement and disability benefits is administered separately from the unemployment insurance program. Although they were both part of the same original act, the OASDI and unemployment insurance programs are administered by separate Federal agencies and are considered by separate subcommittees of Congress.

Early Retirement Options: Rationale

Early retirement with actuarially reduced benefits before age 65 under social security was first made available in 1956 for women and in 1961 for men. No program changes since then have expanded the early retirement options. In 1956, the option for women to claim benefits as early as age 62 was prompted mainly by a concern for extending benefits to married women, who were often not old enough to receive benefits when their husbands retired, and to women who became widowed before age 65. Although the Congress recognized that job opportunities were limited for older women, the change was not primarily a response to unemployment.[12]

In 1961, when the same early retirement option was extended to men, the United States was in a recession and the unemployment level had reached 7 percent. Extending the early retirement option was seen as a way to reduce unemployment among older workers. The change was in part a response to long-term technological unemployment, recognizing that persons who lost their jobs at older ages might never find other work.[13] To limit the cost of the early retirement option, benefits were permanently reduced by 5/9 of 1 percent for each month of early receipt (or 20 percent if they were claimed at age 62). The reduction in benefits for early retirement was designed to take account of the longer period benefits would be paid to early retirees so that the long-range cost of paying benefits claimed at age 62 would be about the same as if the retiree had waited until age 65.

Later in the 1960's, when unemployment rates had declined, policy issues about older workers shifted from concerns about access to benefits to the level of their reduced early retirement benefits. Large numbers of men and women continued to claim reduced benefits before age 65, and many of the early retirees had low benefits even before the actuarial reduction was applied. A Social Security Advisory Council in 1965 considered a change in retirement-age policy to apply a less-than-actuarial reduction in early retirement benefits as a way to raise the incomes of older workers who were forced into early retirement. But the Council had reservations about the cost and side-effects of a change that might create a positive incentive to retire early. Instead of recommending the change, the Council asked the Social Security Administration (SSA) to conduct studies to find out why workers were claiming early retirement benefits, how many were primary earners in their families, and what kinds of income early retirees had in addition to their reduced social security benefits.[14]

SSA conducted a survey of newly entitled beneficiaries in 1968–70 and found that the early retirees were a diverse group. Many men reported that they had retired involuntarily because of health or employment problems. Others, however, were voluntary early retirees who had attractive early retirement pensions to supplement social security. Also, married women ac-

[10] National Commission on Unemployment Compensation, **Final Report**, July 1980, page 71.

[11] Steve L. Barsby, "The Unemployment Experience of Older Workers and the Transition to Retirement," **Unemployment Compensation Studies and Research**, Volume 3, National Commission on Unemployment Compensation, July 1980, pages 731–33.

[12] Committee on Ways and Means, U.S. House of Representatives, **Social Security Amendments of 1955** (Report No. 1189, to accompany H.R. 7225, 84th Cong., lst sess.), July 14, 1955, pages 6–7.

[13] Committee on Ways and Means, U.S. House of Representatives, **Social Security Amendments of 1961** (Report No. 216, to accompany H.R. 6027, 87th Cong., lst sess.), April 7, 1961, page 5.

[14] **The Status of the Social Security Program and Recommendations for Its Improvement** (Report of the Advisory Council on Social Security), Social Security Administration, 1965, page 57.

counted for a substantial portion of early retirees and in most cases they had not been the primary earners in their families. The study found that low benefits were also paid to groups other than early retirees and, because of the diversity of the early-retirement group, more generous early retirement benefits would not be the most effective way to raise benefits of low-income retirees.[15]

Increased Benefits in 1972

The year 1972 marked a watershed in the development of the social security retirement and disability benefits program. Concern about the low benefits of the retired and disabled, together with the relative prosperity of the 1960's—which made increases seem affordable—culminated in legislation in 1972 that:

- Extended Medicare to the disabled. The Medicare program, which provides hospital and medical insurance, was enacted for the aged in 1965. The 1972 change extended this protection to persons who have been on the disability insurance rolls for at least 2 years.
- Provided a 20 percent benefit increase across the board for the retired, disabled, and their dependents and survivors.
- Provided further ad hoc increases totaling 11 percent in the following 2 years.
- Provided for automatic cost-of-living increases in benefits, based on the Consumer Price Index, beginning in 1975.
- Created a Federal supplemental security income program, which provides a national floor of income for the aged and disabled.

These were the last major changes that were designed solely to raise the level of benefits across the board. Later in the 1970's, when the United States, like most European countries, experienced high levels of unemployment, the social security retirement and disability programs were experiencing both long-range and short-range financing problems. In this context, unemployment was seen as one of the causes of the financing problems for the retirement and disability insurance programs, rather than as a problem to be solved by these programs.

Financing Problems and Remedies Since the Mid-1970's

The major preoccupation in social security policy since the mid-1970's has been the financing of the OASDI Trust Funds. The program trust funds are financed almost exclusively from earmarked taxes, primarily payroll taxes from employees and employers. By law, the funds cannot draw on general revenues to make up deficits. The OASDI payroll tax rate is currently 5.7 percent of earnings up to $39,600 for both employees and employers. The level of earnings subject to the tax is indexed by wage growth.

Short-range financial imbalances occur when annual benefit outlays rise faster than the payroll tax revenues used to finance them. A rise in unemployment reduces the flow of payroll tax revenues into the trust funds and can increase outlays as unemployed older workers claim retirement benefits earlier than they otherwise might have. In the 1950's and 1960's, trust fund reserves had covered the fluctuations in cash flows caused by cyclical unemployment. But, in the 1970's, benefits were also rising because of ad hoc and then automatic increases to keep pace with inflation. When both unemployment and inflation reached historically high levels in the mid-1970's and again in the early 1980's, trust fund reserves were no longer adequate. Legislative action was needed to remedy the short-run imbalance between revenues and outgo. At the same time, problems in long-range financing received increased attention.

Long-term financing projections are an integral part of the on-going evaluation of the OASDI program in the United States. Sound financing in the long, as well as the short, term is important in maintaining public confidence in the program. Each year, the Board of Trustees of the OASDI programs issues a report to Congress on program financing, and includes 75-year projections of income and outgo to the trust funds. Any significant imbalance between income and outgo is a cause for concern by program administrators, Congress, and the public. Three factors contributed to long-term financing concerns during the 1970's and each culminated in legislation to control the future growth of the program.

Method of indexing benefits. First, it quickly became clear that the long-term implications of the automatic indexing provisions enacted in 1972 were highly dependent on the relationship between assumed wage and price growth over the long term. This occurred because of a flaw in the way in which benefits had been indexed for inflation in 1972. Under that method, if inflation were to account for a large share of future wage growth, then initial benefits for new beneficiaries in the future would rise more rapidly than their previous earnings. Their rising replacement rates (benefits as a percentage of previous earnings) meant that benefit costs would rise more rapidly than payroll-tax revenues. On the other hand, if inflation were to account for only about half of future wage growth, then future benefit costs and payroll-tax revenues would remain in reasonably close balance. Under the historical experience of the 1940's,

[15] Virginia P. Reno, "Background of the Survey and Summary of Findings," in **Reaching Retirement Age: Findings From a Survey of Newly Entitled Workers, 1968–70** (Research Report No. 47), Office of Research and Statistics, Social Security Administration, 1976, page 3.

1950's, and 1960's, the latter scenario seemed reasonable.

But the persistent, high rates of inflation in the mid-1970's indicated that revised assumptions were needed. With revised assumptions about wage and price growth, the retirement and disability insurance programs would be in serious, long-term imbalance.[16]

Revised assumptions were incorporated in the 1975 Trustees Report and the long-term financing problem became evident in the official projections. Table 1 shows how the projected long-range costs of the OASDI program rose as long-range assumptions were revised between 1973 and 1976. Although unemployment was high in 1975 and 1976, the bleak, long-term financing picture for the OASDI program discouraged any interest in liberalizing retirement or disability insurance benefits to alleviate unemployment.

Legislation enacted late in 1977 was designed to remedy both the short-term and the long-term financial imbalance in the OASDI program by:

- Raising payroll-tax revenues by increasing the payroll-tax rate between 1981 and 1990 and by raising the maximum level of earnings subject to the payroll tax.
- Modifying the method of indexing benefits to take account of inflation.

The change in the method of indexing benefits still provided that beneficiaries on the rolls would receive automatic benefit increases that kept pace with inflation. The change corrected the method of adjusting benefits for new retirees so that initial replacement rates would remain stable for the successive cohorts of new retirees.

[16] **1974 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds** (House Document No. 93-313, 93rd Cong., 2nd sess.), 1974, page 45, and Orlo R. Nichols and Steven F. McKay, "The Effect of the 1976 Automatic Benefit Increase on Dynamic Projections of Benefits" (Actuarial Note No. 90), Social Security Administration, August 1976.

Growth in the disability insurance rolls. A second major factor contributing to concern about social security financing during the mid-1970's involved the disability program. The disability insurance program experienced unprecedented growth in the early and mid-1970's. The rapid growth in the program was unexpected because the test of disability in the program is quite strict. The program is not designed to pay benefits to able-bodied unemployed persons or to persons with only marginal impairments. Under the law, disability insurance benefits are payable only if the applicant is insured and is unable to engage in any substantial gainful work by reason of a medically determined physical or mental impairment that is expected to last at least 12 months or result in death. The impairment must be so severe that the applicant is not only unable to do his or her previous work, but cannot, considering age, education, and work experience, engage in any kind of substantial gainful work that exists in the national economy, regardless of whether a specific job vacancy exists for the individual, or whether he or she would be hired upon application for the work.

With no change in the disability insurance benefit eligibility criteria, the number of persons applying for, and being awarded, benefits grew rapidly in the early 1970's. The number of applicants grew from about 870,000 to about 1.3 million between 1970 and 1974. The number of persons awarded benefits grew from 350,000 to 590,000 between 1970 and 1975. The total number of persons receiving disabled-worker benefits grew from 1.5 million in 1970 to 2.9 million in 1978. This rapid growth caused a great deal of uncertainty and concern about the future size and cost of the disability insurance program.

With rising benefit levels during the 1970's, initial benefits could exceed predisability take-home pay for some disabled workers, particularly those receiving

Table 1.—Long-range economic assumptions and 75-year average costs and revenue (as percentages of taxable payroll) under intermediate assumptions and projections in Trustees Reports, 1973–84

Year of Trustees Report	Long-range assumptions		75-year average (as percent of taxable payroll)				
			Expenditures				
	Wage growth	Price growth	OASI	DI	OASDI	Revenue OASDI	Surplus or deficit
1973	5.0	2.75	9.41	1.54	10.95	10.63	−0.32
1974	5.0	3.0	11.97	1.92	13.89	10.91	−2.98
1975	6.0	4.0	13.29	2.97	16.26	10.94	−5.32
1976	5.75	4.0	15.42	3.51	18.93	10.97	−7.96
1977	5.75	4.0	15.51	3.68	19.19	10.99	−8.20
1978	5.75	4.0	11.29	2.26	13.55	12.16	−1.40
1979	5.75	4.0	11.47	1.92	13.38	12.19	−1.20
1980	5.75	4.0	12.24	1.5	13.74	12.22	−1.52
1981	5.5	4.0	12.54	1.52	14.07	12.25	−1.82
1982	5.5	4.0	12.59	1.5	14.09	12.27	−1.82
1983	5.5	4.0	11.46	1.38	12.84	[1] 12.87	.02
1984	5.6	4.0	11.51	1.45	12.95	[1] 12.90	−.06

[1] Long-range revenue projections made in 1983 and 1984 include revenue from taxation of benefits for high income beneficiaries. These revenues account for 0.55 percent of taxable payroll in 1983 and 0.56 percent in 1984.

supplemental dependents' benefits for their minor children. Such high replacement rates were viewed as a possible incentive for persons to claim disability insurance benefits and a disincentive for those receiving benefits to become rehabilitated and return to work.

In response to concern about growth of the disability insurance program, legislation was enacted in 1980 that was designed to (1) limit what were considered excessively high replacement rates being paid to some categories of disabled workers, (2) create positive incentives for disabled workers to return to work and leave the benefit rolls, and (3) ensure that the rules governing eligibility for disability insurance benefits were accurately administered.

Demographics. The third important factor affecting long-range financing of the OASDI program grew out of changes in the age composition of the population. The large cohort of persons born in the 20-year "baby boom" following World War II began reaching adulthood in the mid-1960's. The rate of labor-force participation was high for young women during the 1970's and birth rates declined. As the lower fertility rates were incorporated into long-range projections, it became clear that the beneficiary population would grow more rapidly than the working-age population when the baby-boom cohort began reaching retirement age around 2010. In addition, mortality experience during the 1970's indicated a significant increase in life expectancy after age 65. In 1983, average life expectancy at age 65 was estimated to be 16.8 years: 14.4 years for men and 18.9 years for women. Under middle-range assumptions about mortality improvements, life expectancy at age 65 is expected to increase by 2 1/2 years by 2025. The average man reaching age 65 in 2025 could expect to reach his 81st birthday, while the average woman could expect to reach her 87th.[17]

The lower fertility rate and increased longevity after age 65 portend a sharp shift in the worker-to-beneficiary ratio. Currently, about 33 covered workers are paying into the social security system for every 10 persons drawing benefits. With the demographic shifts anticipated in the coming decades, this ratio is projected to drop to only 20 workers for every 10 beneficiaries by 2035.[18]

Three advisory groups that convened in the late 1970's considered changes in social security retirement-age policy as a way to alleviate the long-range financial imbalance caused by the change in the ratio of workers to beneficiaries.

- The 1979 Advisory Council on Social Security recommended that "serious consideration be given to enacting in the near future an increase in the normal retirement age to become effective after the turn of the century." [19]
- In March 1981, the National Commission on Social Security recommended that the eligibility age for early retirement benefits be raised from 62 to 65 and that the age for full benefits be raised from 65 to 68. Both changes were to be phased in between 1998 and 2012.[20]
- Also in 1981, the President's Commission on Pension Policy recommended a change similar to that recommended by the National Commission but suggested it be phased in 10 years earlier.[21]

At the same time that the public was becoming increasingly aware of the long-range financing problems caused by the demographic crunch, the OASDI system was again experiencing short-range financing problems because of adverse economic conditions. Because prices rose considerably faster than wages in 1979 and 1980, the automatic cost-of-living increases in benefits in 1980 and 1981 exceeded the increase in payroll-tax revenues needed to finance them. High unemployment exacerbated the cash flow problem and trust fund reserves were no longer adequate.

In December 1981, President Reagan established the National Commission on Social Security Reform to make recommendations on social security financing by December 1982. The Commission was given the charge:

- To propose realistic, long-term reforms to put social security back on a sound financial footing, and
- to forge a working, bipartisan consensus so that the necessary reform can be passed into law.

Legislation enacted in the spring of 1983 followed closely the blueprint of recommendations made by that commission. The legislative changes were a carefully forged compromise of tax increases and controls over future benefit growth that Congress deemed necessary to bring the social security system into both short-term and long-term financial balance. Major provisions [22] of that legislation included:

- delaying automatic cost-of-living increases in benefits by 6 months, so that future increases will be paid in January, rather than July;

[17] John C. Wilkin, **Social Security Area Population Projections, 1983** (Actuarial Study No. 88), Social Security Administration, August 1983, page 29.

[18] **1984 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds** (House Document No. 98-200, 98th Cong., 2nd sess.), 1984.

[19] **Social Security Financing and Benefits: Report of the 1979 Advisory Council**, Social Security Administration, 1979, page 159.

[20] **Social Security in America's Future: Final Report of the National Commission on Social Security**, March 1981, pages 120-140.

[21] **Coming of Age: Toward a National Retirement Income Policy**, President's Commission on Pension Policy, February 26, 1981, page 46.

[22] John A. Svahn and Mary Ross, "Social Security Amendments of 1983: Legislative History and Summary of Provisions," **Social Security Bulletin**, July 1983, pages 3-48.

- accelerating scheduled increases in social security payroll taxes;
- for higher-income beneficiaries, subjecting up to 50 percent of social security benefits to the personal income tax, with revenues from this tax transfered to the social security trust funds;
- extending social security coverage to newly hired Federal employees;
- gradually raising the eligibility age for full retirement benefits from 65 to 67, and increasing the early retirement reduction in benefits claimed at age 62 from 20 to 30 percent, with both changes phased in gradually between 2002 and 2027; and
- increasing the benefit increment for delayed receipt of retirement benefits from 3 percent per year to 8 percent per year.

With these changes, the OASDI system was brought into close financial balance under the long-range projections in the 1983 Report of the OASDI Board of Trustees (table 1).

While these difficult choices about social security financing were being considered, first by the National Commission on Social Security Reform in 1982 and then by the Congress in early 1983, the United States was again experiencing high levels of unemployment. However, the immediate financing problems of the social security system, and the growing awareness of adverse worker-to-beneficiary ratios in the next century forestalled any serious interest in liberalizing social security retirement or disability policy to alleviate unemployment. Concern about unemployment entered the social security debate only as an argument by the minority against the gradual increase in the full retirement benefit eligibility age in the next century. In considering the social security amendments, however, legislators were fully aware of the need for immediate relief for the unemployed, for the same legislation that enacted the Social Security Amendments of 1983 included provisions for extending the Federal Supplemental Compensation program for unemployed workers who had exhausted their regular and extended unemployment insurance benefits.

Congress was also aware of the special problems the future delay in the retirement age might pose for older workers and it included as part of the 1983 amendments a mandate for a study of the implications of that change for older workers who, because of health problems or arduous jobs, might not be able to delay retirement. Specifically, the mandate stated that:

> The Secretary [of the Department of Health and Human Services] shall conduct a comprehensive study and analysis of the implications of the changes made by this section in retirement age in the case of those individuals (affected by such changes) who, because they are engaged in physically, demanding employment or because they are unable to extend their working careers for health reasons, may not benefit from improvements in longevity. The Secretary shall submit to the Congress no later than January 1, 1986, a full report on the study and analysis including recommendations for the provision of protection against the risk associated with early retirement due to health considerations which the Secretary finds necessary or desirable as a result of the findings.

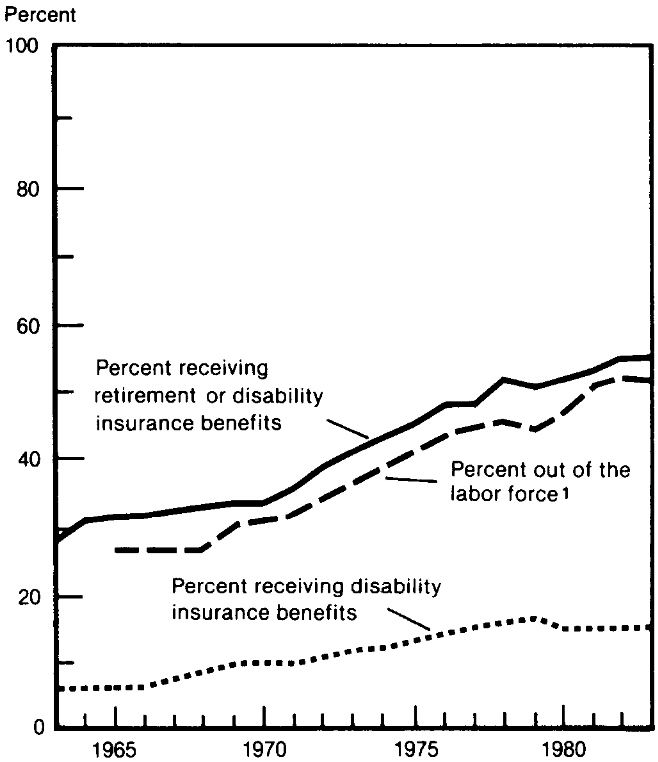
The Office of Research, Statistics, and International Policy is currently engaged in a program of research to meet the requirements of that mandate.

Retirement Trends in the 1970's

Although social security policy in the 1970's was not changed to encourage early retirement, and, in fact, future policy was changed to encourage later retirement, the decade of the 1970's was one in which retirement rates of men increased. The trend toward earlier retirement can be seen both in terms of the proportion of older men who are out of the labor force and in the proportion of older men who receive social security benefits.

Chart 2 shows that, from 1970 to 1983, the propor-

Chart 2.—Percent of eligible men aged 62–64 receiving OASDI retirement or disability insurance benefits and percent of the male population aged 62–64 out of the labor force, 1963–83

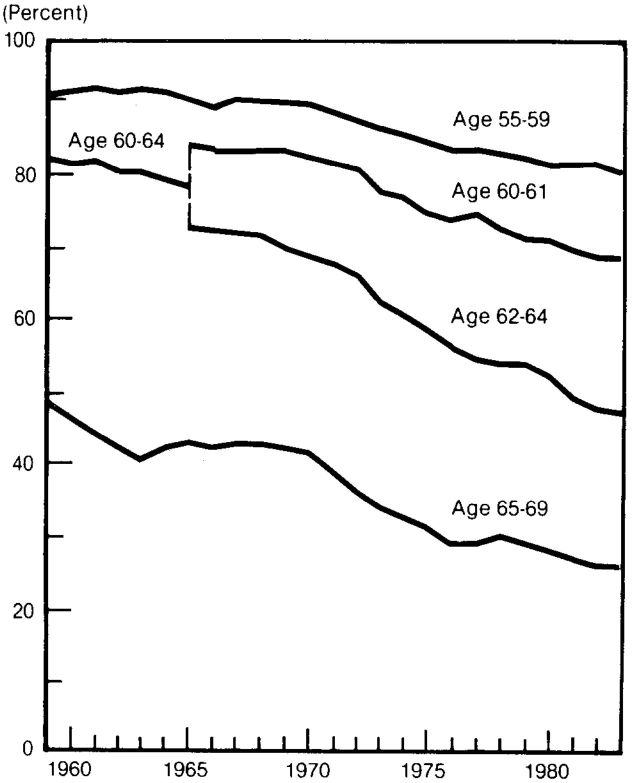


[1] Data not available for 1963–64.

tion of men aged 62–64 who were out of the labor force increased from 31 percent to 52 percent and the proportion of eligible men of those ages who were receiving social security early retirement or disability insurance benefits grew from 34 percent to 56 percent. Those out of the labor force are not seeking work and therefore are not counted as unemployed.

Although social security retirement benefits are not available before age 62, the labor-force participation rates of men just under age 62 also declined during the 1970's (chart 3). Among women, any trend toward earlier retirement was offset by an increase in their overall labor-force participation rate. But, for men aged 60–61, the proportion out of the labor force grew from 17 percent in 1970 to 30 percent in 1983. Of even younger men, those aged 55–59, the proportion out of the labor force grew from about 10 percent in 1970 to about 20 percent in 1983. Only a small portion of men aged 55–59 (not more than 5 percent) receive social security disability benefits. The others who are out of the workforce may include workers who have retired under systems other than social security as well as persons who have experienced unsuccessful attempts to find work before dropping out of the labor force. Further research is needed to determine the relative size of each group. Preliminary data from a recent survey, however, suggest a trend toward retirement before age 62 under pension plans other than social security.

Chart 3.—Labor-force participation rates of older men, by age, 1959–83



Employee Pensions

The Private Pension System

Private pensions in the United States are typically designed to supplement social security and usually are financed by employers, although employees also contribute under some plans. In all, there are more than a half million private pension plans in the United States. Many are quite small, covering fewer than 10 employees, while others cover many thousands of workers.[23] Each private pension plan has its own rules for computing benefits and its own eligibility criteria and early retirement rules. Federal laws and regulations, however, specify criteria for favorable tax treatment of private pension plan contributions, and, in that way, influence the broad design of private plans. Some private plans are formally linked to social security, with the availability and amount of the private pension directly coordinated with the social security benefit structure. Others are less formally linked, but most reflect the assumption that social security will provide the foundation of retirement income and that the private pension will be a supplement. Most private pension benefit formulas are based on length of service and earnings under the plan.

A 1979 survey of private pension plan coverage found that about 50 percent of all men and 31 percent of all women who were employees in private industry were covered by private pensions. The coverage rates were somewhat higher among older workers: of those aged 45–64, about 66 percent of the men and 43 percent of the women were covered. Coverage rates are also higher among higher-paid than lower-paid workers, and were higher among unionized workers or those in large firms than among nonunionized workers or those in small firms.[24]

A 1982 Department of Labor survey of employee benefits indicates the prevalence of early retirement options in pension plans of medium and large-sized firms (employing at least 100 to 250 workers, depending on the industry.)[25] According to that survey, many plans permit "normal retirement"—that is, retirement with an unreduced pension—before age 65. In all, 58 percent of covered workers were in plans that would permit retirement before age 65 with an immediately payable full pension. Those plans typically specify a combination of age and length of service under the plan to qualify for

[23] Unpublished 1980 counts of the number of private employee pension plans, based on form 5500 and 5500c reports filed with the Department of Labor.

[24] Gayle Thompson Rogers, **Pension Coverage and Vesting Among Private Wage and Salary Workers, 1979: Preliminary Estimates from the 1979 Survey of Pension Plan Coverage** (Working Paper No. 16), Office of Research and Statistics, Office of Policy, Social Security Administration, 1980.

[25] **Employee Benefits in Medium and Large Firms, 1982** (Bulletin No. 2176), Bureau of Labor Statistics, Department of Labor, August 1983, pages 41–42.

the early full pension. In addition, fully 97 percent of the covered workers were in plans permitting early retirement with reduced pensions. Age 55 was the most common minimum age for receipt of a reduced early retirement pension.

Public Employee Pensions

In addition to the private pension system, State and local governments also operate more than 6,000 pension systems that provide retirement benefits to their employees.[26] State and local government employees are covered under social security if the government entity chooses to have its employees covered. Currently, about 70 percent of State and local employees are covered under social security and, therefore, their pensions supplement social security. In addition, separate pension systems cover civilian employees of the Federal Government and military service personnel. Early retirement options before age 65, or even before age 62, are quite common in government employee pension systems.

Recent Findings on Early Retirement Pensions

The New Beneficiary Survey, conducted by the Social Security Administration, documents the prevalence of private and public employee pensions among recent retirees. Preliminary findings from this survey indicate that a significant portion of men and women who retired on social security in the early 1980's had been covered by private or government employee pension plans on their longest job and that receipt of such pensions before age 62—the earliest age for social security benefits—was not uncommon.

Interviews in the New Beneficiary Survey were conducted in late 1982 with a nationally representative sample of men and women who began receiving social security retired-worker benefits between mid-1980 and mid-1981.[27] These data on pension provisions of the longest job are for the retirees who were employees (rather than self-employed persons) on that job. The 20 percent of male retired workers and 8 percent of female retired workers who reported they had been self-employed (in either incorporated or unincorporated business) are excluded.

Pension coverage rates were quite high among those who had been Federal, State, or local government employees on their longest job: just over 90 percent of those men and just over 80 percent of the women reported they had been covered by a pension plan on that job (table 2). The private employees, which include those in all sectors other than government or self-employment on their longest job, had somewhat lower pension coverage rates: 64 percent of the men and 39 percent of the women said they were covered by a pension plan. The large majority of both private and government employees who said they had been covered by a pension plan reported they were receiving retirement benefits from the plan (table 3). A few, however, were not yet

Table 2.—Pension coverage among public and private employees on longest job: 1982 data for persons who began receiving social security retired-worker benefits in June 1980-May 1981

Pension coverage	Total [1]	Private employees	Government employees
		Men	
Total number (in thousands)	548.1	426.1	115.3
Total percent	100	100	100
Covered by a pension plan	70	64	93
Not covered	28	34	6
Unknown	1	1	1
		Women	
Total number (in thousands)	484.0	396.8	77.7
Total percent	100	100	100
Covered by a pension plan	46	39	82
Not covered	53	60	17
Unknown	1	1	1

[1] Excludes all self-employed persons on the longest job; includes those not reporting type of employment.
Source: Preliminary data from the 1982 New Beneficiary Survey.

Table 3.—Pension receipt among covered employees on longest job: 1982 data for persons who began receiving social security retired-worker benefits in June 1980-May 1981

Pension receipt	Total [1]	Private employees	Government employees
		Men	
Number covered (in thousands)	385.7	274.0	107.[illegible]
Total percent	100	100	100
Receiving a pension	81	77	92
Expecting a future pension	4	5	2
Received a lump sum	10	12	3
No benefit	4	5	2
Unknown	1	1	1
		Women	
Number covered (in thousands)	223.5	155.4	64.[illegible]
Total percent	100	100	100
Receiving a pension	63	57	79
Expecting a future pension	10	11	7
Received a lump sum	18	20	11
No benefit	7	9	2
Unknown	2	3	1

[1] Excludes all self-employed persons on the longest job; includes those nc reporting type of employment.
Source: Preliminary data from the 1982 New Beneficiary Survey.

[26] **The Desirability and Feasibility of Social Security Coverage for Employees of Federal, State, and Local Governments and Private, Nonprofit Organizations** (Report of the Universal Social Security Coverage Study Group), Department of Health, Education, and Welfare, March 1980, pages 151-243.

[27] Linda Drazga Maxfield, "The New Beneficiary Survey: An Introduction," **Social Security Bulletin**, November 1983, pages 3-11.

receiving benefits but expected to receive them in the future. Those who were neither receiving nor expecting benefits were asked whether they had ever received a lump-sum payment from the plan. Such lump-sum payments were reported by most of those who were neither receiving nor expecting benefits from the plan. Women were more likely than men to report receipt of a lump-sum payment.

These new survey findings indicate that pension coverage and receipt of pensions was more widespread among retirees in the early 1980's than in the late 1960's. An earlier survey of persons newly entitled to social security retired-worker benefits in 1968-70 found that 47 percent of the men and 21 percent of the women who had been private employees on their longest job reported that they had been covered by a pension plan. At that time, those who had been covered were not as likely to report they were receiving or expecting pensions from the plan (table 4). The earlier survey did not ask about receipt of lump-sum payments in lieu of regular pension benefits.

In the 1982 survey, a significant portion of the retirees who were receiving pensions from their longest job reported they began receiving the pension before age 62—the earliest eligibility age for social security retired-worker benefits. Of those receiving private employee pensions, about one-fourth of the men and the women said they began receiving the pension before age 62 (table 5). Of those with government employee pensions, just over half the men and 30 percent of the women began receiving the pension before age 62. Those who received their pensions before age 65 accounted for about 7 in 10 of the recent retirees with pensions.

Table 4.—Pension coverage and receipt of pensions from longest job: Persons newly entitled to social security retired-worker benefits, July 1968-December 1969

Pension coverage and receipt	Total [1]	Private employees	Government employees
	Men		
Total percent	100	100	100
Covered by a pension plan	55	47	79
Not covered	40	45	16
Unknown	8	5	5
Total percent covered	100	100	100
Receiving or will receive a pension	84	83	89
Will not receive	7	7	5
Unknown	9	10	6
	Women		
Total percent	100	100	100
Covered by a pension plan	28	21	68
Not covered	64	69	28
Unknown	8	10	4
Total percent covered	100	100	100
Receiving or will receive a pension	76	73	83
Will not receive	13	15	9
Unknown	11	12	8

[1] Excludes all self-employed persons on the longest job.
Source: 1968-70 Survey of Newly Entitled Workers.

Summary

The United States has responded to peaks in unemployment by following the historical approach of temporarily extending the duration of unemployment insurance benefits. Federal income maintenance policy has not been changed to encourage early retirement. In fact, future incentives have recently been added to the OASDI program to encourage later retirement. Workers whose employers provide supplementary pension plans appear to have an increasing range of options for early retirement. And some of today's retirees are accepting those options before social security retirement benefits are payable.

Table 5.—Age at first receipt of pension from longest job: 1982 data for persons who began receiving social security retired-worker benefits in June 1980-May 1981

Age at pension receipt	Total [1]	Private employees	Government employees
	Men		
Number receiving pension (in thousands)	311.7	210.0	99.0
Percent receiving pension	57	49	86
Total percent	100	100	100
Under 55	8	2	23
55-59	15	13	18
60-61	11	10	12
62	19	21	13
63-64	19	22	13
65	15	18	9
66 or older	12	12	11
Unknown	1	1	1
	Women		
Number receiving pension (in thousands)	141.4	89.3	50.3
Percent receiving pension	29	23	65
Total percent	100	100	100
Under 55	2	1	2
55-59	12	11	14
60-61	13	12	14
62	20	21	19
63-64	20	19	21
65	17	19	13
66 or older	15	15	16
Unknown	1	1	1

[1] Excludes all self-employed persons on the longest job; includes those not reporting type of employment.
Source: Preliminary data from the 1982 New Beneficiary Survey.