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How Have People Responded to Changes in the Retirement Earnings Test in 2000?

Recent Trends in Workers' Compensation

Summary and Overview of the 2007 Trustees Report

Expenditures of the Aged

Homeless People Whose Self-Reported SSI/DI Status Is Inconsistent with SSA Records

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Articles

Perspectives

Clinicians routinely ask indigent new clients whether they receive Supplemental Security Income (SSI) payments or Social Security Disability Insurance (DI) benefits, and this information is incorporated into treatment planning. Using questionnaire responses by 7,220 homeless people with mental illness, we first determined what demographic and clinical factors were associated with reporting receipt of SSI or DI benefits and not being in the SSA database and, second, what factors were associated with reporting not receiving benefits but having SSA records indicating otherwise. The low agreement between client reports and administrative records suggests that clinicians should verify the information provided by clients, especially those who are psychotic or medically ill, because that information is often inaccurate.

Other

How Have People Responded to Changes in the Retirement Earnings Test in 2000?

by Jae G. Song and Joyce Manchester

The authors are with the Division of Economic Research, Office of Research, Evaluation, and Statistics, Office of Policy, Social Security Administration.

Summary

This article describes responses to removing the retirement earnings test in 2000 for persons at the full retirement age or older. We examine annual earnings and retirement benefit claims from Social Security administrative data that cover the 4 years before and after the change. Three findings emerge from the study.

First, the effect on earnings of removing the earnings test is uneven across people with different earnings levels. We find little effect on earnings at lower levels, but the effect on earnings in the mid to upper levels (50th to 80th percentiles) is large and significant. Such a finding indicates that the removal most affects people with earnings levels above the earnings test threshold. The largest increases in earnings are found at the 70th percentile for persons who have attained ages 65–69 and at the 60th percentile for those turning 65.

Second, there is no clear evidence of the effect of the test's removal on the overall rate of labor force participation. A small rise in work participation among individuals aged 65–69 may be at least partially attributable to the trend already under way. Increases in work participation that do occur are mostly attributable to retaining older workers rather than inducing older workers back into the workforce. The effect appears to increase over time, suggesting that the removal has long-lasting effects on work participation.

Third, the removal of the earnings test accelerated applications for benefits by 2 to 5 percentage points among individuals aged 65–69 and by 3 to 7 percentage points among those reaching age 65.

Introduction

The retirement earnings test, which has been part of the Social Security Old-Age and Survivors Insurance (OASI) program since its inception in 1935, has been gradually modified by exempting certain age groups, increasing allowable earnings, and decreasing withholding rates. A rationale for modifications is to encourage older people to work so that their earnings can supplement their Social Security benefits as people live longer and healthier lives. The most recent major modification occurred in April 2000, when Congress enacted the Senior Citizens Freedom to Work Act of 2000, which removed the earnings test for individuals at the full retirement age (FRA), age 65 or older.[1] The removal of the test in 2000 is one of the most substantial changes in recent years because it affects both the most recent cohorts of persons who have reached the FRA and a wider range of ages than had prior modifications.

Although the earnings test compensates individuals for postponing benefit entitlement by increasing their future benefit streams through the delayed retirement credit and automatic benefit recomputation, many people do not view those adjustments as actuarially fair. That is, many people view the earnings test as a tax on earnings above the test threshold, causing both a reduction in work effort (for example, hours of work, earnings, and work participation) of old-age beneficiaries and a delay in applications for Social Security retirement (old-age) benefits.

Three recent studies of how the earnings test affects work and earnings in the United States found mixed effects on the labor supply of older workers. Although Friedberg's (2000) results indicated a small but significant effect of the earnings test on the labor supply of older workers, Gruber and Orszag (2003) indicated that the earnings test had no robust influence on labor supply and appeared to accelerate benefit receipt among eligible individuals. Results reported in Loughran and Haider (2005) indicated that the earnings test had a substantial impact on hours worked and benefits claimed for men.

This study focuses on the most significant single change in the history of the U.S. earnings test. It provides comprehensive empirical evidence on the effects of removing the earnings test for persons aged 65–69 by using a large Social Security Administration (SSA) administrative data set that covers the period from 4 years before to 4 years following the removal (1996–2003).[2] By including 4 years of data after the removal, we are able to investigate reactions not only immediately following the removal but also for several years after. Examining responses by older workers over time is especially important because some of them face substantial constraints on reentering the labor force, such as from deteriorating health and outdated skills. Further, our data allow us to examine the uneven impact of the earnings test removal across the distribution of earnings. Individuals with lower levels of earnings may respond differently to the test removal than people with earnings near or above the earnings test threshold.

This article is based on Song and Manchester (2006). For more details about the technical aspects of the analysis, please refer to that paper.

Earnings Test Rules

The earnings test that applies to persons from ages FRA to 69 was removed in 2000, but old-age beneficiaries still remain subject to an earnings test until they reach the FRA. Social Security benefits of persons aged 62–FRA* (that is, the FRA minus 1 month) at year-end are reduced by $1 for every $2 earned beyond the threshold, which was $11,520 in 2003. Those who reach the FRA during the year are subject to a more moderate test; benefits are reduced $1 for every $3 earned beyond the threshold, which was $30,720 in 2003.[3] Thus, the removal of the earnings test in 2000 not only eliminated the test for those who had attained ages 65–69 (more precisely, FRA to 69), but it also considerably relaxed the test for those turning 65 (FRA).[4]

The retirement earnings test operates in a relatively simple manner. Social Security benefits are reduced if earnings exceed the threshold amounts, but the reduction in benefits is at least partially offset in the future through the delayed retirement credit and benefit recomputation.[5] Thus, the earnings test has both "tax" and "transfer" features.

The **tax feature** of the earnings test includes both threshold amounts and withholding rates. The threshold amount varies by the year in which the test applies and by the ages of the beneficiaries (Table 1). Before the removal of the earnings test in 2000, the threshold for persons aged 65–69 as of 1999 was $15,500; for those aged 62–64 it was $9,600. The benefit withholding rate was $1 for each $3 of earnings above the earnings test threshold for individuals aged 65–69 and $1 for each $2 for individuals aged 62–64.

Table 1.
Earnings test thresholds and withholding rates, 1996–1999

Age	Earnings test threshold (dollars)				Withholding rate
	1996	1997	1998	1999	
62–64	8,280	8,640	9,120	9,600	$1 for each $2 of earnings above the threshold
65–69	12,500	13,500	14,500	15,500	$1 for each $3 of earnings above the threshold

SOURCE: Social Security Administration, *Annual Statistical Supplement to the Social Security Bulletin, 2003* (2004).

The **transfer feature** of the earnings test, often overlooked because of the focus on the tax feature, compensates for the withholding of benefits under the earnings test by increasing the primary beneficiary's future benefit stream. Two aspects of the Social Security rules compensate individuals who are subject to the earnings test: the delayed retirement credit and benefit recomputation. Future benefits for individuals who have not received benefits because of the earnings test (or for any other reason) are increased for each month in which no benefits are paid. This increase is 1/4 of 1 percent for each month, plus 1/24 of 1 percent for each even numbered year, from 1990 through 2008, in which workers are at the FRA or older. Thus, for those who turned 65 in 2000–2001, the delayed retirement credit is 1/2 of 1 percent for each incremental month, or 6 percent per year.[6] A benefit recomputation rule may apply to persons who become entitled to benefits but who subsequently have substantial covered earnings. The recomputation can increase benefits when earnings in the additional years are higher than the lowest earnings used in the current computation.[7] In addition, reductions in benefits stemming from claiming benefits before the FRA can be undone by the recomputation if benefits have been withheld completely because of sufficiently high earnings above the threshold.

When earnings exceed the test's threshold, the total family benefit is reduced accordingly, including all benefits (other than Disability Insurance) payable to anyone in the family entitled to benefits on the primary earner's earnings record. For purposes of the earnings test, an individual's earnings for the entire taxable year are counted, even if the individual has not been entitled to benefits for the entire year.[8] In addition, self-employment earnings are counted for the year in which they are received, regardless of when they are earned. Countable income for the earnings test includes wages from covered employment, cash payments for agricultural or domestic work, cash tips, deferred compensation, and pay for work not covered by Social Security if the work is done in the United States.[9]

Economic theory on the effects of the earnings test on labor supply is fairly straightforward and can be found in numerous studies.[10] A general consensus from those studies is that a delayed retirement credit that is actuarially fair would offset the effects of the earnings test. Removing the earnings test would not affect benefit claim choices, earnings, or labor supply hours if current benefit withholdings were exactly compensated by future benefit increases and individuals were forward-looking. When the transfer aspect of the earnings test is ignored (or unfair) or when the discount rate is high, kinks appear in a static budget constraint under the earnings test. In that case, eliminating the test yields results equivalent to reducing marginal tax rates, but the change in marginal tax rates depends on individuals' earnings levels and benefit entitlement status. The marginal tax rate is zero for nonbeneficiaries or those who earn below the test threshold and 33 percent for beneficiaries who earn above the threshold until all benefits are withheld. Removing the earnings test yields negative income effects above the upper threshold where all benefits are withheld, both negative income effects and positive substitution effects between the upper and lower thresholds, and no effects below the lower threshold. In other words, effects of eliminating the earnings test on labor hours and earnings will not be the same for all individuals. The magnitude and direction of possible effects depend on the ratio of the rates of return at which individuals are willing to lend (that is, not claim benefits, or claim benefits and work above the threshold) to the rates that are available to them through Social Security. The latter is affected by the benefit withholding rate, test threshold, delayed retirement credit, cost-of-living adjustment, and the time preference and mortality of the individual.

Data Sources

This study uses data on primary workers from an extract of the Social Security Administration's 1 percent (active) sample, commonly known as the Continuous Work History Sample active file.[11] The 1 percent samples are selected on the basis of certain serial digits of the Social Security number (SSN) and are generally considered to be random samples. To be selected for this study, a person must be fully insured by age 62 and must never have received Social Security Disability Insurance benefits. Once a person is selected, he or she stays in the active sample for life. For selected SSNs, information on annual earnings (both capped at the taxable maximum and uncapped), OASDI (Old-Age, Survivors, and Disability Insurance) benefit entitlements, and death records, if any, are obtained from several SSA administrative files.

The sources for the Continuous Work History Sample include the Numident, the Master Earnings File, and the Master Beneficiary Record. The Numident is a master file of assigned SSNs that contains birth and death dates, place of birth, race, and sex. The Master Earnings File contains annual Social Security

summary earnings from 1937 to the present. It also contains annual detailed earnings, Medicare taxable compensation, and total compensation from 1978 to the present for the U.S. population. The earnings records are taken directly from W-2 forms. A Master Earnings File record is created when the corresponding Numident record is created. The Master Beneficiary Record file contains data related to the administration of the OASDI program, such as application and entitlement dates, benefit amounts, payment status, type of benefits, and demographic information. A beneficiary record is established when an individual applies for benefits and the application is processed.[12]

The 1 percent extract of SSA administrative records provides several advantages over other data used for studying the effects of the earnings test. First, the 1 percent extract contains accurate annual earnings records that are not plagued by the self-reporting problems that are common in survey-based records. We use Medicare taxable earnings because the earnings test counts all covered wage and self-employment income, including deferred compensation. The same definition of income has been taxable under Medicare since 1994. Second, SSA data contain the exact date of entitlement for old-age benefits. For the earnings test, individuals' earnings for an entire taxable year are counted even if the individuals were not entitled to benefits for the entire year.[13] Hence, whether or not an individual becomes entitled to retirement benefits during a given year is critical information. Third, the 1 percent sample contains a large number of observations and represents the general population. In our sample of fully insured individuals who are not receiving Social Security Disability Insurance benefits, approximately 88 percent are white and 54 percent are male. Sample sizes vary by calendar years, from 168,486 in 1996 to 178,217 in 2003.

Methodology

The main features of the change in the earnings test in 2000 dictate the age groups of interest for our study. Those features are (1) the complete elimination of the earnings test for individuals who have attained the FRA as of December 31 of the year before the relevant year and (2) a modified earnings test with significantly increased test threshold amounts for those who reach the FRA during the relevant year.[14] Hence we consider two separate groups who are directly affected by the change in the earnings test: those who turn 65 during the year and those who have attained ages 65–69 by January 1 of a particular year. As comparison groups that are not directly affected by the change in the earnings test, we consider those both younger and older than the affected groups: individuals turning 62–64 and those who have attained ages 70–72.[15] During the study period, those who had attained ages 70–72 faced no earnings test, while those turning 62–64 faced no change in test rules, except that the threshold amounts were gradually increased. As a result, there are two affected groups and two comparison groups in each calendar year from 1996 through 2003:

- Group 1—the younger comparison group, who turn ages 62–64;
- Group 2—the younger affected group, who turn age 65;
- Group 3—the older affected group, who have attained ages 65–69;
- Group 4—the older comparison group, who have attained ages 70–72.

Descriptive Analyses on Work and Retirement Among Workers Aged 62–72

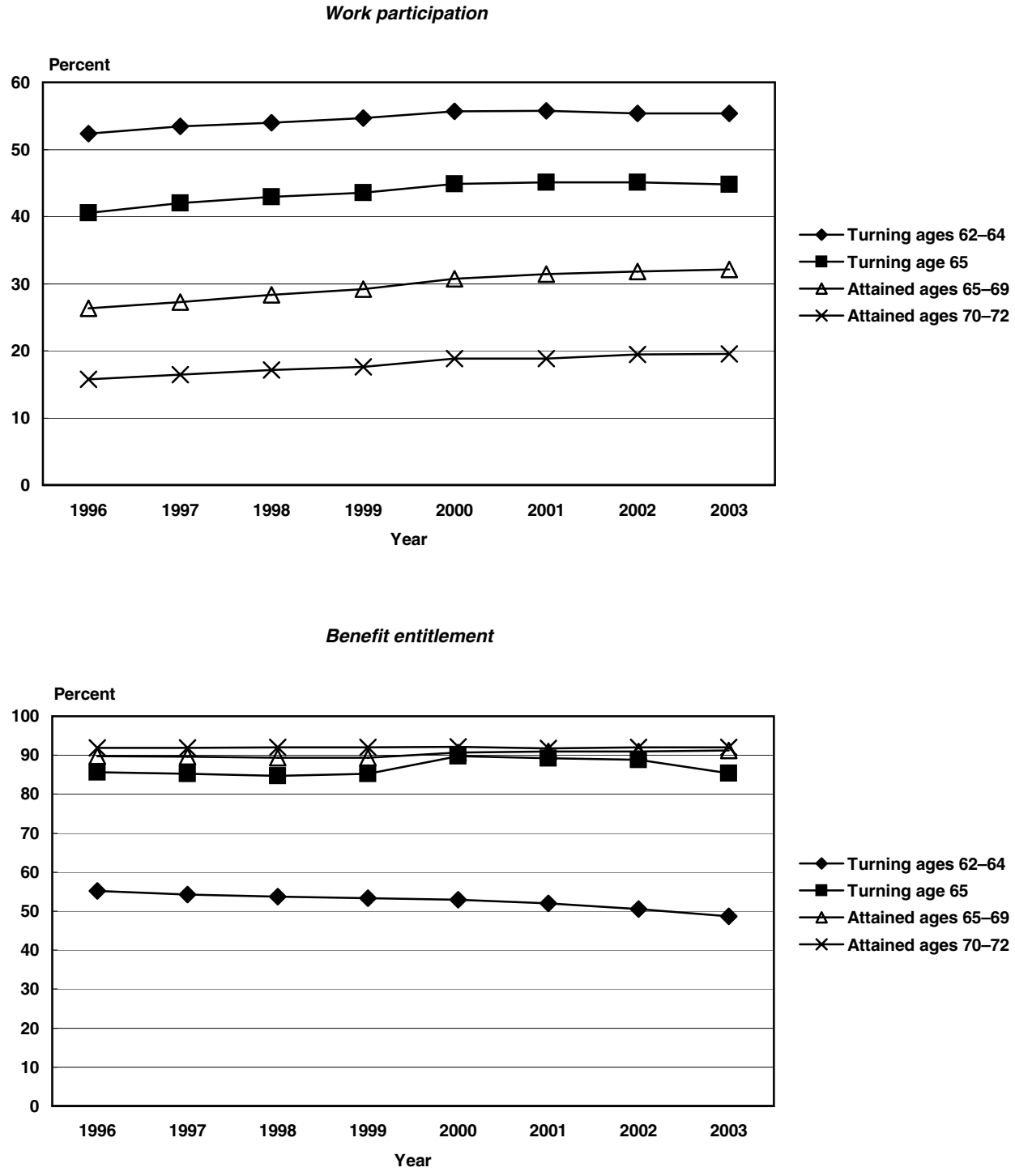
Movements in work participation, benefit entitlement, transitions to work, and earnings of the affected groups relative to the comparison groups give a preliminary view of the effects of the rule changes.[16] From 1996 to 1999, earnings test rules for our control and treatment groups remained unchanged except for gradual increases in the test threshold each year. If our comparison groups are suitable, we expect to see parallel movements in outcome variables of the affected and comparison groups during the pre-2000 period.

Effects on Work Participation and Benefit Entitlement

As shown in Chart 1, work participation rates during the preremoval period among those in the age groups 62–64, 65, 65–69, and 70–72 are approximately 52 percent to 55 percent, 40 percent to 44 percent, 26 percent to 29 percent, and 16 percent to 18 percent, respectively. Results show that during the preremoval period, rates of work participation and benefit entitlement as of the end of each year tend to move together. Work participation rates increased slightly over the postremoval period, continuing the trend already in place. Benefit entitlement rates among those aged 64 or younger tended to fall slightly over the study period, but rates for those aged 65 or older tended to increase slightly over time.

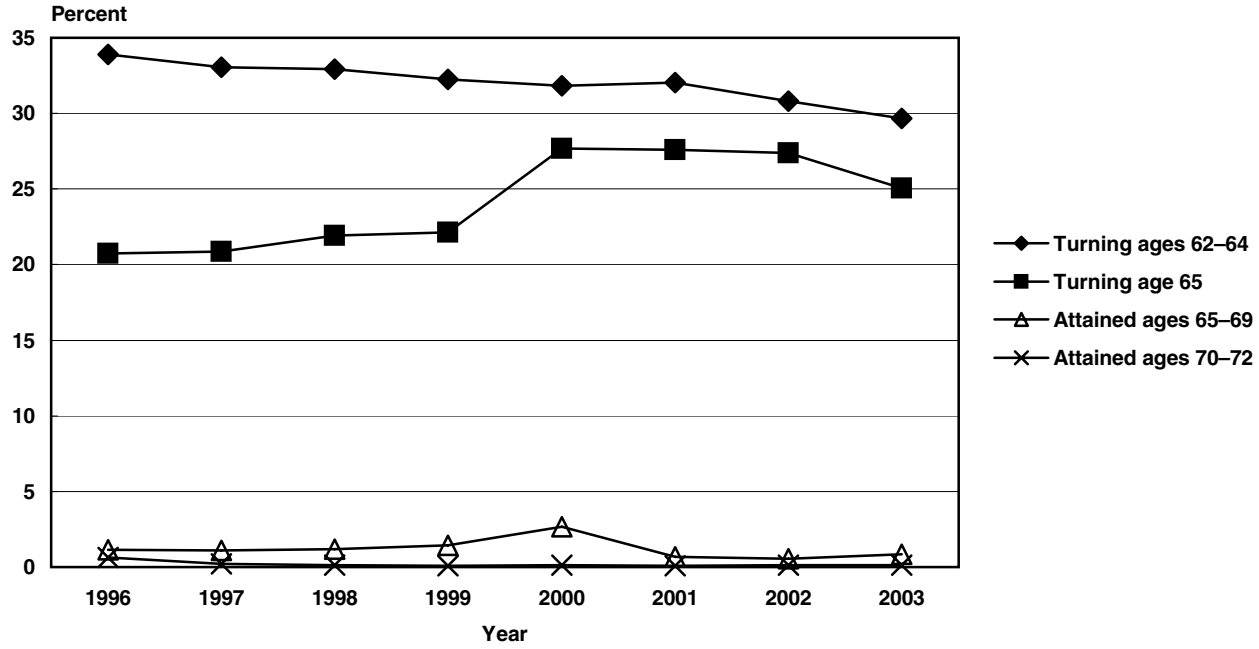
Since approximately 85 percent of the younger affected group became entitled by the end of each year

Chart 1.
Rates of work participation and benefit entitlement, by age group, 1996–2003



SOURCE: Authors' tabulations using the 1 percent extract of the Social Security Administration's Master Earnings File and Master Beneficiary Record.

Chart 2.
Beneficiaries becoming entitled during each year, 1996–2003



SOURCE: Authors' tabulations using the 1 percent extract of the Social Security Administration's Master Earnings File and Master Beneficiary Record.

in the preremoval period, it is hard to see changes in entitlement rates from Chart 1. We therefore present the percentage of beneficiaries who became entitled in each year in Chart 2. The percentage of beneficiaries who became entitled in 1999 and 2000 increased from 22 percent to 28 percent for the younger affected group (those who were turning 65). Over the same period, the percentage increased from 1.5 percent to 2.7 percent for the older affected group (those who had attained ages 65–69). Following the removal of the earnings test, benefit entitlement rates increased slightly for the two older age groups, but they decreased slightly for the two younger age groups, probably because of the gradual increase in the FRA. As a result of the gradual increase in the FRA for those who were born in 1938 or later, the FRA differs across the 62–64 age group in 2000–2003.[17]

Although the descriptive results show no clear evidence of effects of the earnings test removal on work participation rates, they suggest that benefit entitlement rates for persons turning 65 are somewhat higher after the removal. The magnitude of the increase does not appear to be large, perhaps because most individuals have already become entitled to old-age benefits before they reach age 65.

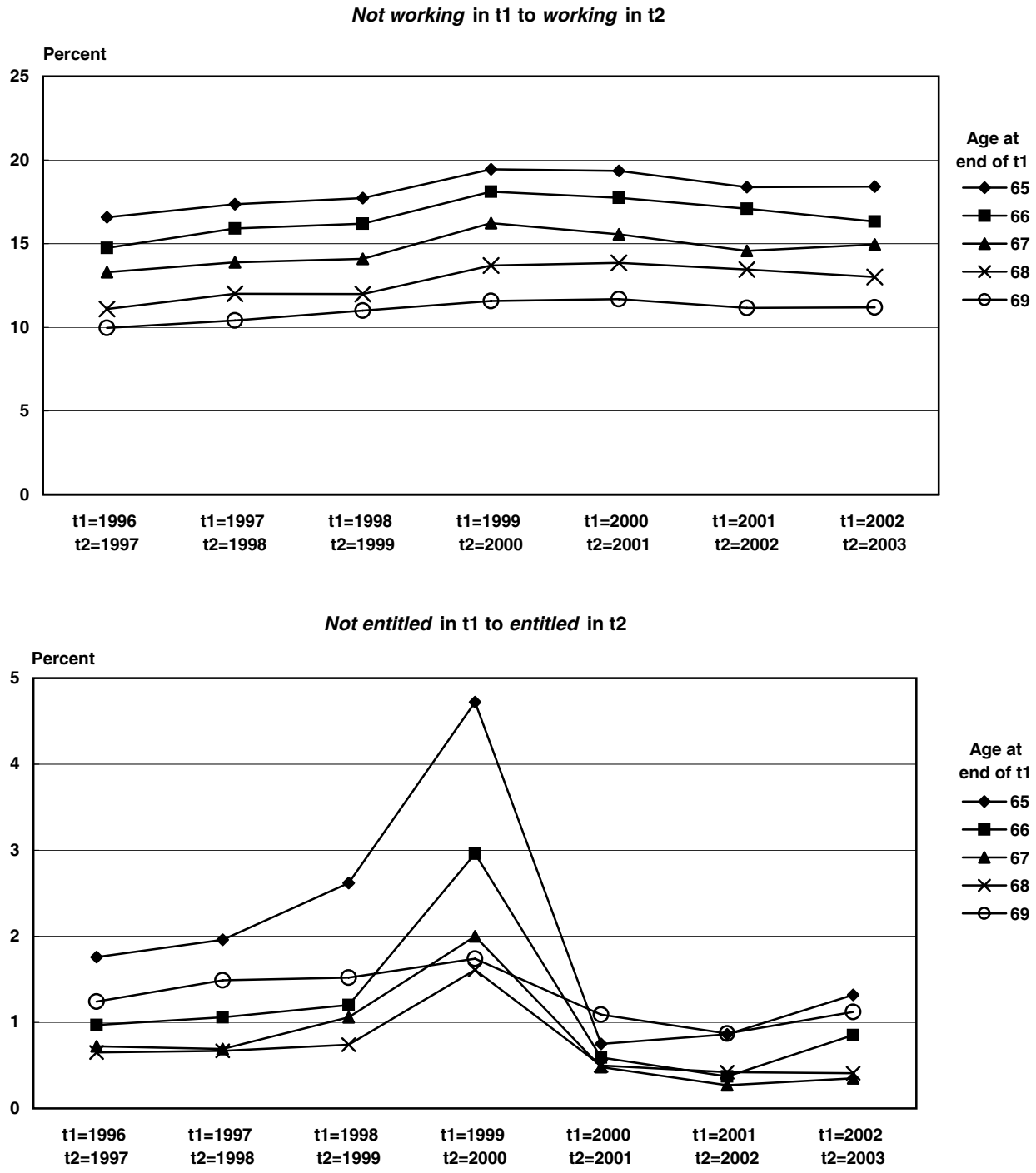
Effects on Work Transitions

The large sample size and the longitudinal format of our data allow us to follow persons of a particular age from one year to the next. For each age 65 through 69 as of the end of each year 1996–2002 (year t1), Chart 3 presents joint probabilities of transitions from "not working" in year t1 to "working" in the subsequent year (year t2) from 1997 through 2003. The chart also presents age-specific probabilities of transitions from "not entitled" to "entitled." Results show that the probability of transition from "not working" to "working" increased noticeably between t2 = 1999 and t2 = 2000 but then stabilized at a lower level for ages 65–69. The probabilities of transition from "not-entitled" to "entitled" for those aged 65 almost doubled between t2 = 1999 and t2 = 2000 and more than doubled for those aged 66, then stabilized at a lower level after t2 = 2000. The numbers suggest that the removal of the earnings test in 2000 had a clear impact on benefit claims among older workers.

Effects on Earnings

To examine more closely the effects on earnings at different points along the distribution, we look at nominal earnings at the 40th through 80th percentiles for

Chart 3.
Probability of transition from *not working* in t1 to *working* in t2 and from *not entitled* in t1 to *entitled* in t2, by age at the end of t1



SOURCE: Authors' tabulations using the 1 percent extract of the Social Security Administration's Master Earnings File and Master Beneficiary Record.

those who work over the study period, by age groups affected by the rule change (Chart 4). Results show gradual increases in the earnings of working individuals over the study period, measured either by the simple mean over the entire sample or at each decile of the earnings distribution. The gradual increases in earnings at the various deciles appear to accelerate slightly in 2000 for both affected groups, which could indicate that earnings of the affected groups are influenced by the earnings test removal.

Numbers on upward earnings mobility by age indicate that the percentage of individuals with increased earnings over a 2-year span is greater in later years than in earlier years (top panel of Chart 5). Between 1999 and 2000, the probabilities of observing increased earnings for workers aged 65–69 rose by approximately 2 percentage points relative to earlier years, for all ages 65–69. Individuals with increased earnings can be decomposed into (1) those whose earnings rose from zero to a positive amount and (2) those who had positive earnings followed by even larger earnings. The first component of earnings mobility is equivalent to transitions in work participation from "not working" to "working." The bottom panel of Chart 5 shows the second component of earnings mobility. Results indicate that most of the increases in earnings between 1999 and 2000 are attributable to higher earnings among those who were already working. This result is more convincing than results based on pooled cross-sectional data because it comes from comparing earnings of the same individual over 2 consecutive years.

Regression Analysis

Conventional regression analysis based on average earnings fails to detect the effect of the earnings test removal on earnings. But by analyzing the effects over different percentiles of the earnings distribution, as is shown here, we find statistically significant effects of the test's removal in a way that is exactly as economists would predict.

Our regression analysis is based on a standard difference-in-difference model. We estimate the effects of the earnings test removal in 2000 on work participation, benefit entitlement, and earnings using probit, ordinary least squares (OLS), truncated, and quantile regressions. Details are available in Song and Manchester (2006).

Estimated Effects on Work Participation

Our results show that the work participation rate among individuals who have attained ages 65–69 increased by 0.8 to 2.0 percentage points following the earnings test removal in 2000. Results further show that those effects increased over the study period.

Finding a gradual increase in the effect of removing the earnings test on work participation is not surprising, for several reasons. Returning to the labor market may require a difficult and costly job search for those aged 65–69. Thus, estimated effects immediately following the removal probably understate the longer-run effect. However, additional years of job search may not significantly affect the work participation of those older workers, because their declining health and outdated skill levels constrain their labor market choices. If this is true, then an increase in work participation over time can result from the gradual increase in the number of older workers remaining in the labor market, not from older workers returning to the labor market.

Estimated Effects on Benefit Entitlement

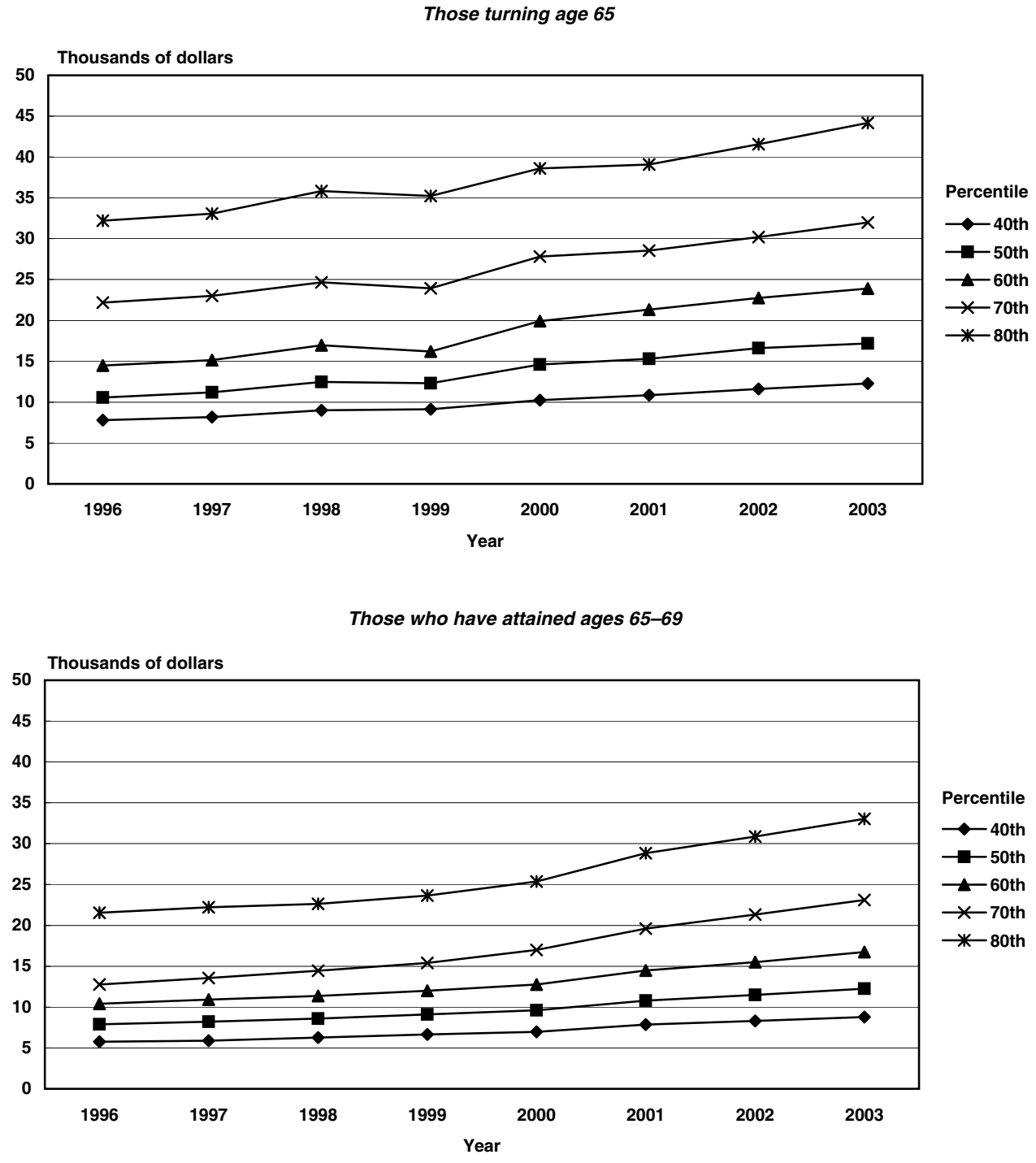
Results from our model suggest that the earnings test removal in 2000 has increased benefit entitlements for those turning age 65 and for those who have attained ages 65–69. The effects tend to increase over the 4 years for the older group, but they are relatively stable for the younger group. Estimated effects indicate that the benefit entitlement rate for the older affected group increased approximately 2 to 5 percentage points after the test's removal.[18] It increased approximately 3 to 7 percentage points for the younger group.

Estimated Effects on Earnings

Our results using a reduced-form, truncated regression specification of the difference-in-difference model suggest that earnings increased approximately 4 percent to 10 percent per year among working individuals. Effects in 2000 appear to be much smaller than effects in 2001–2003.[19] Such a result seems plausible for persons who have attained ages 65–69, because the law was enacted in April 2000 and older people may need time to respond. Effects on earnings for individuals turning 65 are also found; estimates for 2000–2003 lie between 5 percent and 8 percent.

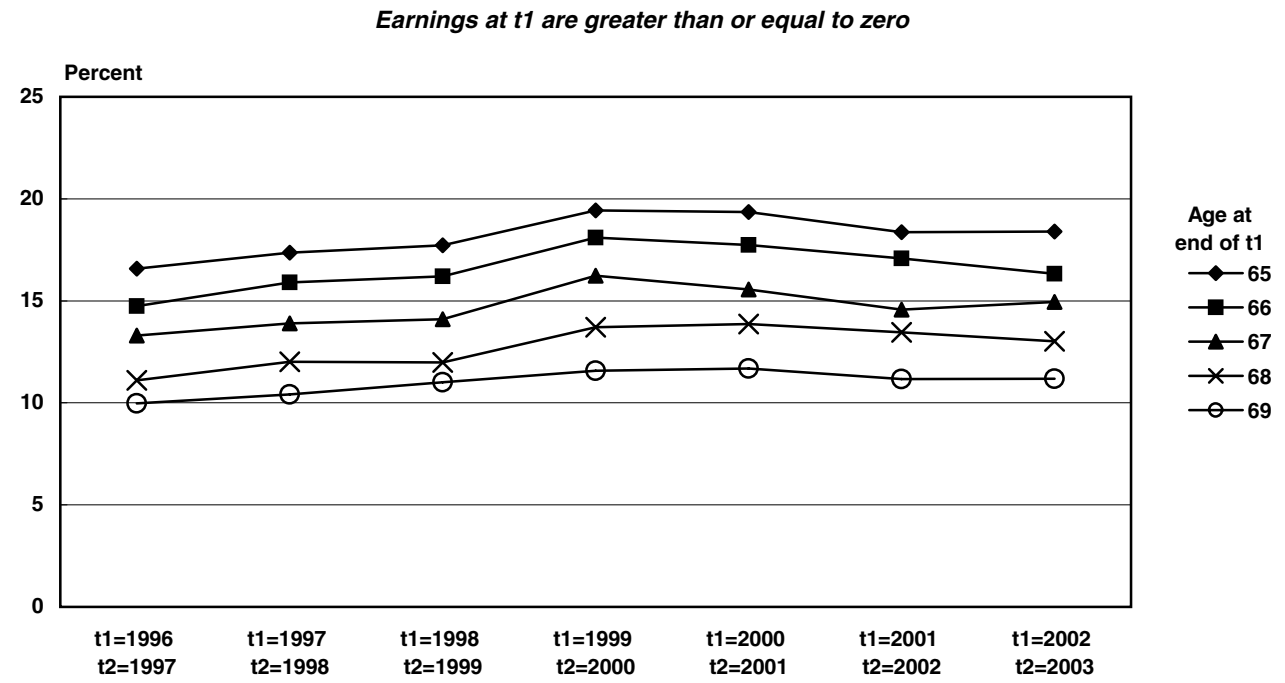
Previous research using standard regression analysis shows that the average earnings of persons who have attained ages 65–69 were not affected by the earnings

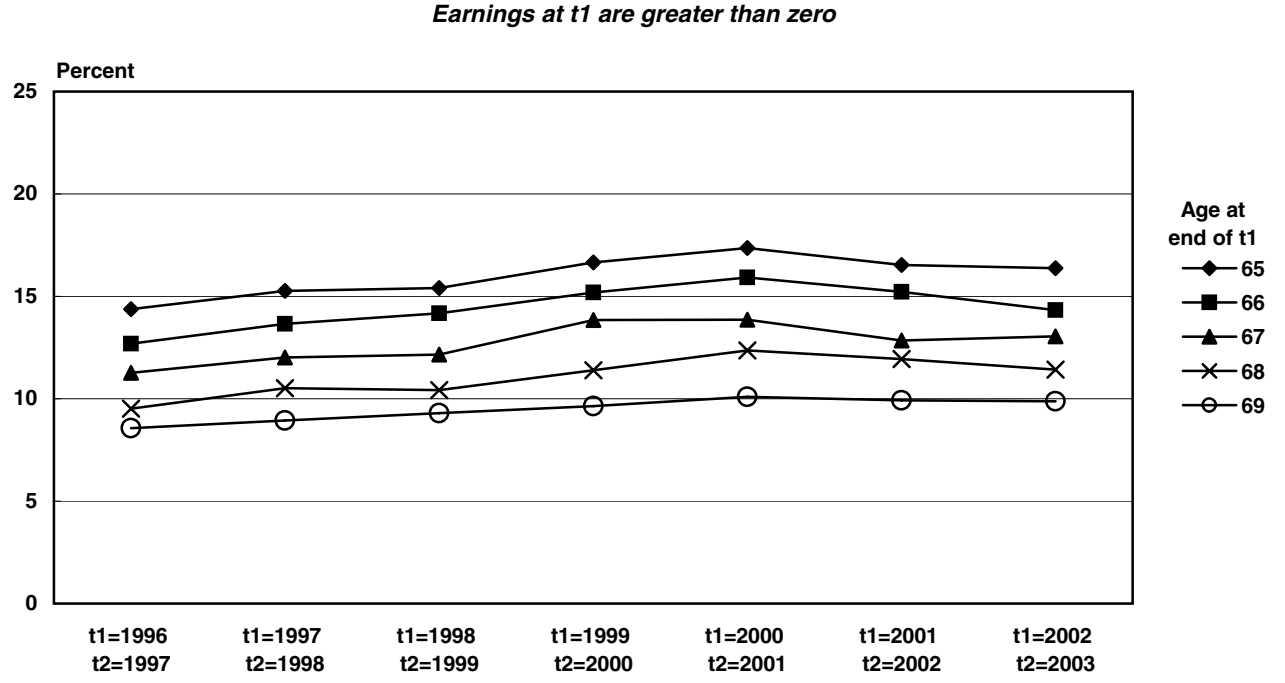
Chart 4.
Nominal earnings of the two age groups affected by the rule change, by earnings percentile, 1996–2003



SOURCE: Authors' tabulations using the 1 percent extract of the Social Security Administration's Master Earnings File and Master Beneficiary Record.

Chart 5.
Probability of an increase in earnings between t1 and t2 for those aged 65–69, by age at end of t1





SOURCE: Authors' tabulations using the 1 percent extract of the Social Security Administration's Master Earnings File and Master Beneficiary Record.

test removal (see Gruber and Orszag 2003). However, quantile regression methods permit us to focus on specific percentiles of the earnings distribution.[20] We report results based on quantile regression in Table 2. The results show that the removal of the earnings test has increased earnings for working individuals who have attained ages 65–69 at the 60th percentile of the earnings distribution in 2000, 60th to 70th percentiles in 2001, and 60th to 80th percentiles in 2002 and 2003 by statistically significant amounts. Such results indicate that the effects are uneven across the earnings distribution. At the 60th percentile, earnings in 2001, 2002, and 2003 are increased by $734 (6 percent), $1,066 (9 percent), and $1,138 (9 percent), respectively. At the 70th percentile, earnings in 2000, 2001, 2002, and 2003 are increased by $180 (1 percent), $966 (6 percent), $1,460 (9 percent), and $1,670 (10 percent), respectively. Earnings at the 80th percentile in 2001–2003 also increase by similar amounts. Our quantile regression results based on persons with positive earnings indicate that the effects on earnings are concentrated around the 60th to 80th percentiles of the earnings distribution. It turns out that the earnings test threshold in 1999 ($15,500) is just around the 80th percentile for nonwhite females aged 65–69 and between the 60th and 70th percentile for white males aged 65–69.[21] These results indicate that the removal of the earnings test has affected the earnings distribution just below the test threshold and up, as we would expect.

Again, the estimates using standard regression analysis (OLS) show no effects on earnings for the younger affected group—persons turning age 65. However, results based on quantile regressions for those who have positive earnings indicate that the test's removal affects the 40th to 80th percentiles of

Table 2.
Quantile regression estimates of effects on earnings (earnings in thousands of dollars)

Variable	Quantile regression						Ordinary least squares
	0.4	0.5	0.6	0.7	0.8	0.9	
	Effects on those who have attained ages 65–69						
Constant	8.7451	10.4437	12.5956	16.0643	22.1667	35.3851	11.5920
	(0.1564)	(0.1523)	(0.1986)	(0.2661)	(0.3703)	(0.5893)	(0.7176)
Treatment dummy, 2000	-0.1956	-0.0847	0.4013	0.1802	-0.1921	-1.4246	0.0291
	(0.1704)	(0.1622)	(0.2163)	(0.2863)	(0.4263)	(0.8158)	(0.8684)
Treatment dummy, 2001	-0.2646	0.1469	0.7335	0.9565	1.2221	-0.5214	0.5189
	(0.1694)	(0.1687)	(0.2161)	(0.3102)	(0.4273)	(0.6319)	(0.8616)
Treatment dummy, 2002	-0.3165	0.1112	1.0662	1.4596	1.4536	-0.6260	-0.7408
	(0.1507)	(0.2053)	(0.2809)	(0.2971)	(0.4973)	(0.7177)	(0.8528)
Treatment dummy, 2003	-0.5580	0.0609	1.1379	1.6702	1.5430	-0.6693	0.0322
	(0.2203)	(0.1657)	(0.2566)	(0.2864)	(0.4734)	(0.8642)	(0.8444)
	Effects on those turning age 65						
Constant	10.7848	12.5908	16.4331	21.9045	30.3644	43.1540	16.8818
	(0.1776)	(0.1718)	(0.2936)	(0.3609)	(0.4686)	(0.7872)	(0.9468)
Treatment dummy, 2000	0.8382	1.5987	1.6765	1.5675	1.2879	1.1383	-1.2780
	(0.2543)	(0.4175)	(0.4982)	(0.5302)	(0.6200)	(0.8661)	(1.4282)
Treatment dummy, 2001	0.3256	1.5221	1.7235	1.4488	0.3402	-0.1752	-1.3841
	(0.3364)	(0.3633)	(0.4453)	(0.5336)	(0.6856)	(1.2814)	(1.4169)
Treatment dummy, 2002	0.5874	2.3427	2.5045	1.9187	0.5939	0.3488	-1.3584
	(0.3308)	(0.2967)	(0.3754)	(0.5043)	(0.7411)	(1.4093)	(1.4012)
Treatment dummy, 2003	0.6025	2.1035	2.3703	2.8352	0.9764	1.1521	0.9228
	(0.2295)	(0.3859)	(0.5114)	(0.5456)	(0.9951)	(1.4436)	(1.3781)

SOURCE: Author's estimates.

NOTES: The dependent variable is annual earnings in thousands of dollars.

The sample includes observations with nonzero earnings.

Numbers in parentheses are standard errors. Standard errors are calculated by bootstrap resampling with 40 repetitions.

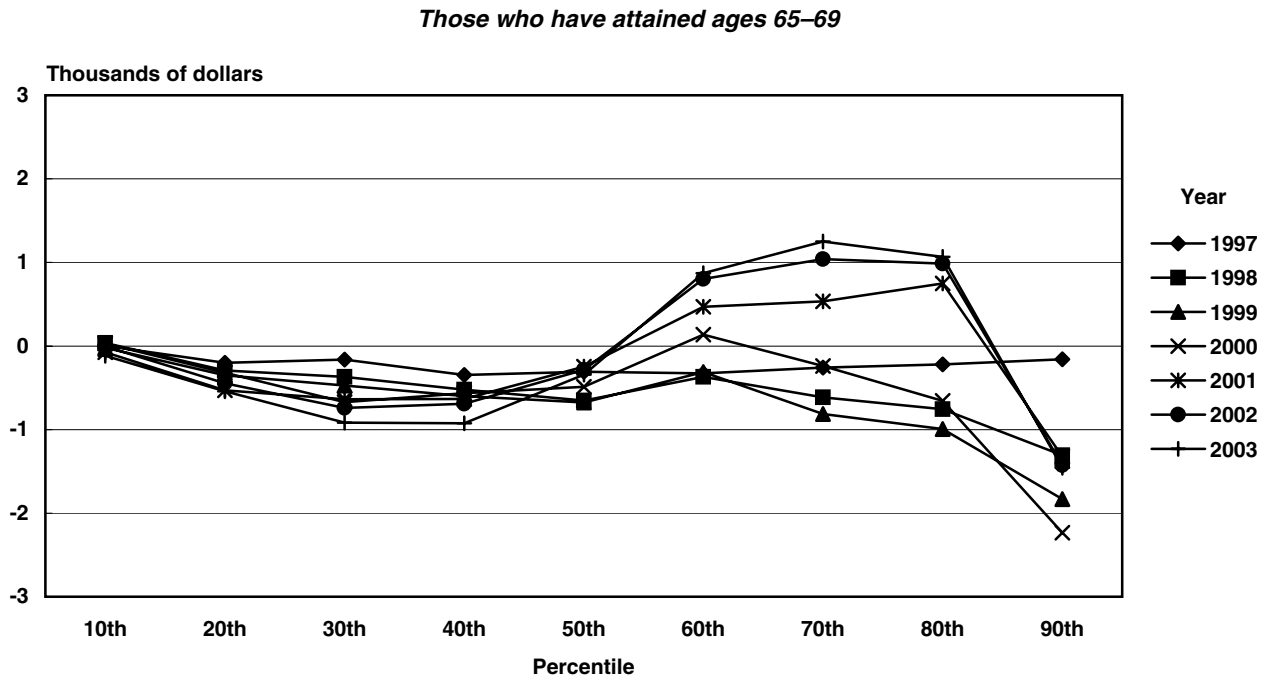
Other covariates used in this regression are constant, male, race (white), age group dummies (62–64 and 70–72), and calendar-year dummies from 1996 through 2002.

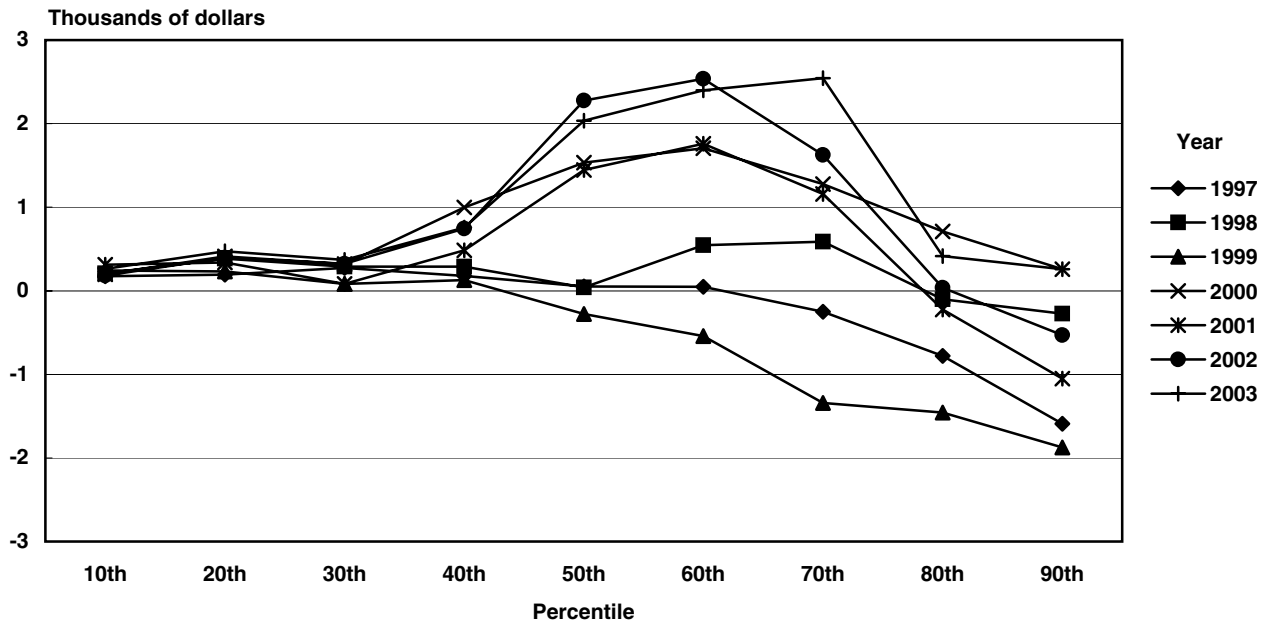
earnings in 2000, the 50th to 70th percentiles in 2001 and 2002, and the 40th to 70th percentiles in 2003. At the 60th percentile, earnings in 2000–2003 increased by $1,677 (10 percent), $1,724 (11 percent), $2,505 (15 percent), and $2,370 (14 percent), respectively. Note that the estimated effects are larger for persons who are turning age 65 than for those who have attained ages 65–69. This result is not surprising, because the younger age group not only has better health and skills but also has more choices in the labor market. Again, the percentiles at which the effects are significant correspond to the earnings test threshold for persons attaining age 65.

In both affected groups, we found small and sometimes negative estimates at the 90th percentile of earnings, suggesting that high-income workers might reduce their earnings as the tax bite declines. However, examining the effect on an individual's earnings using quantile regression alone seems inappropriate because the upper earnings test threshold, where all benefits are withheld, depends on family benefit amounts and not just the primary worker's earnings. That is, unlike the lower earnings test threshold, the upper threshold varies by individual. We cannot be sure of the effect of the earnings test removal on workers at the 90th percentile. To precisely measure the effects on earnings of high earners, we would need to identify those who earn above the upper threshold, taking the family benefit amounts into consideration. Thus, our small and statistically insignificant effects at the 90th percentile are not surprising.

Finally, for purposes of a simple specification test, we estimate quantile regressions by including interaction dummies for 1997–2003 and plot point estimates of those effects by year and percentile (Chart 6). If our regression model identifies the effect of the earnings test removal, coefficient estimates of false treatment dummies would each equal zero. The chart shows (1) how the earnings distributions of the affected groups have evolved since 1996 after controlling for both time and group effects and (2) that the earnings distributions of the treatment groups during the preremoval period have not changed significantly from those of 1996, thereby lending support to the specification of our model. For persons who have attained ages 65–69, earnings at the 60th to 80th percentiles of the distributions during the postremoval period clearly contrast with earnings of the preremoval period. Similarly, earnings at the 50th to 70th percentiles of the distributions for persons turning 65 are clearly affected by the test's removal. More important, estimates for the years before the removal of the earnings test (1997–1999) are located near the horizontal line that indicates an estimate of zero. If our estimates captured effects caused by factors other than the earnings test removal, we would not expect to see the observed pattern of changes in the earnings distributions of the affected groups.

Chart 6.
Estimates of the effects on earnings, by percentile and year





SOURCE: Authors' estimates.

Notes

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[1] The FRA has been 65 for those who reach 62 in 1999 or earlier, and it gradually increases to 67 for beneficiaries who reach age 62 in 2022 or later. The law was enacted April 7, 2000, but the elimination of the earnings test for beneficiaries was effective for taxable years ending after December 31, 1999. Earnings tests for individuals aged 75 or older, 72–74, and 70–71 were eliminated in 1950, 1954, and 1983, respectively (Social Security Administration, *Annual Statistical Supplement to the Social Security Bulletin, 2003* [2004]).

[2] Song (2003/2004) also examined the 2000 earnings test removal but used the Social Security Administration's administrative data matched with the Survey of Income and Program Participation (SIPP). That analysis focused on the initial impact of the removal of the test by covering only the first year following the removal.

[3] See Social Security Administration, *Annual Statistical Supplement to the Social Security Bulletin, 2003* (2004, 240–241) for a brief history of changes in the retirement earnings test.

[4] The removal eliminated the test beginning with the month a beneficiary reaches the FRA. Note that the FRA gradually increases beginning with individuals born in 1938 or later. Since those who were born in 1938 reach the FRA in 2003, most of them (those born in March or later because the FRA is 65 and 2 months for the 1938 cohort) are subject to the 62–64 earnings test through 2002 and the modified earnings test in 2003.

[5] The benefit recomputation after initial entitlement is not directly associated with the earnings test. The benefit recomputation is relevant if eliminating the earnings test affects earnings and if the new earnings are substantially higher than the lowest earnings in the current benefit computation.

[6] For persons claiming early benefits, monthly benefits are reduced from the full benefit amount at the rate of 5/9 of 1 percent per month for the first 36 months and 5/12 of 1 percent for any additional months. The delayed retirement credit for those who reach age 65 in 2005–2006 is 2/3 of 1 percent for each incremental month (or 8 percent per year).

[7] Work by a person entitled only to dependent benefits would not increase his or her benefit.

[8] Monthly benefits are reduced by the amount of excess earnings beginning with the first month of the year in which the individual is entitled to benefits. In the first year that an individual is entitled to monthly benefits, benefits will not be reduced because of the retirement earnings test for any month that is a nonservice month, regardless of the amount of annual earnings for the year. A nonservice month is a month in which a person's earnings from employment do not exceed 1/12 of the annual exempt amount and he or she does not perform substantial services in self-employment. For persons reaching the FRA, only earnings before the month of attaining the FRA are counted for purposes of the test.

[9] The earnings test does not apply to individuals who are entitled to disability benefits or who are living outside the United States and their work is not covered by Social Security. The foreign work test can be applied to persons under the FRA who reside outside the United States. See Social Security Administration (2004).

[10] Some examples are Blinder, Gordon, and Wise (1980), Burkhauser and Turner (1981), Reimers and Honig (1993), Vroman (1985), Burtless and Moffitt (1985), Gustman and Steinmeier (1985, 1991), and Packard (1990).

[11] There are two versions of the Continuous Work History Sample: an active file and an inactive file. The active file includes individuals with earnings from any employment, whether from covered or noncovered work.

[12] For further discussions on the Master Earnings File, the Master Beneficiary Record, and other SSA administrative files, see Panis and others (2000).

[13] For those who are attaining the FRA, earnings up to the month before reaching the FRA are counted for purposes of the earnings test.

[14] For the sample used in this article, the FRA is 65 except for those born in 1938 or later. The 1938 birth cohort reaches the FRA in 2003 if born in October or earlier, or in 2004 if born in November or December. Thus, defining the control and treatment groups on the basis of age appears to be inconsistent with the rules in 2003. However, the FRA was 65 during the preremoval period considered in this article. To maintain consistency throughout the study period, we keep the definition of the control and treatment groups partitioned by age for the rest of this analysis. We would expect to detect any anomalies arising from the FRA change by including year-by-year dummies in the analysis rather than one posttreatment dummy.

[15] For example, those who were born in 1936 through 1938 are turning 62–64 in 2000, and those who were born in 1927 through 1929 have attained ages 70–72 as of December 31, 1999. Those who were born in 1935 are turning 65 in 2000, and those who were born in 1930 through 1934 have attained ages 65–69 as of December 31, 1999. In 2000, therefore, the modified earnings test applies for those who were born in 1935, but the test no longer applies to those who were born in 1930 through 1934.

[16] A person becomes entitled to benefits when he or she applies, is deemed to be eligible, and is awarded benefits.

[17] We further discuss how our estimates may be affected by the changes in the FRA for the 62–64 age group in the full version of the paper (Song and Manchester 2006).

[18] The estimated increase in benefit claims of 2.2 percentage points in 2000 following the test's removal is not surprising and appears to be consistent with the result reported in Song (2003/2004). The estimated magnitude of 2 to 5 percentage points may not seem large, but it indicates a rather large impact on benefit claims among those who had not yet become beneficiaries by age 65. Only 10 percent of those who had attained ages 65–69 had not yet claimed old-age benefits before 2000.

[19] Because the rule was changed in April 2000 and effective retroactively from January 2000, relatively small effects in 2000 are not surprising.

[20] See Buchinsky (1998) for the interpretation of quantile regression estimates.

[21] Note that 88 percent of persons in our sample are white and 54 percent are male.

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Recent Trends in Workers' Compensation

by Ishita Sengupta and Virginia Reno

Ishita Sengupta is the Workers' Compensation Research Associate and Virginia Reno is Vice President for Income Security Policy at the National Academy of Social Insurance (NASI). *This article reports new estimates of workers' compensation coverage, benefits, and costs reported by NASI in Sengupta, Reno, and Burton (2006).*

Summary

Workers' compensation provides cash benefits and medical care to employees who are injured on the job and survivor benefits to the dependents of workers whose deaths result from work-related incidents. Workers' compensation programs in the 50 states and the District of Columbia and federal programs together paid $56.0 billion in medical and cash benefits in 2004, an increase of 2.3 percent over 2003 payments. Of the total, $26.1 billion was for medical care and $29.9 billion was for cash benefits. Employers' costs for workers' compensation in 2004 were $87.4 billion, an increase of 7.0 percent over 2003 spending. Workers' compensation programs and spending vary greatly from state to state.

As a source of support for disabled workers, workers' compensation is currently surpassed in size only by Social Security Disability Insurance (DI), which covers impairments of any cause that are significant, long-term impediments to work. Although most recipients of workers' compensation recover and return to work, those with lasting impairments may become eligible for DI benefits, subject to an offset to avoid excessive wage replacement from both programs.

Origins of Workers' Compensation

Workers' compensation was the first form of social insurance in the United States. The first U.S. workers' compensation law was enacted in 1908 to cover federal civilian employees engaged in hazardous work. The rest of the federal workforce was covered in 1916. Nine states enacted workers' compensation laws in 1911. By 1921, all but six states and the District of Columbia had workers' compensation laws. Today each of the 50 states has its own program, as do the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Federal laws provide benefits to coal miners with black lung disease and certain energy employees exposed to hazardous material. The laws also set rules for federal workers' compensation programs covering persons outside the jurisdiction of individual states, such as longshore and harbor workers and persons working overseas for companies under contract with the U.S. government.

Before workers' compensation laws were enacted, a worker's only legal remedy for a work-related injury was to bring a tort suit against the employer and prove that the employer's negligence caused the injury. Under the tort system, workers often did not

recover damages and experienced delays or high costs when they did. Although employers often prevailed in court, they were at risk for large and unpredictable losses when workers' suits were successful. Ultimately, both employers and workers favored legislation to ensure that a worker who sustained an occupational injury or disease arising out of or in the course of employment would receive predictable compensation without delay, irrespective of who was at fault. In return, the employers' liability was limited. Under the "exclusive remedy" concept in workers' compensation, the worker accepts program payments as compensation in full and gives up the right to sue for damages.

Workers' compensation programs vary across states in terms of who is allowed to provide insurance, which injuries or illnesses are compensable, and the level of benefits. Generally, state laws require employers to obtain workers' compensation insurance or prove that they have the financial ability to carry their own risk (self-insure).

Scope of Coverage

Every state except Texas requires employers to provide workers' compensation coverage. In Texas, employers can choose not to cover their employees, but if they make that choice they are not protected from tort suits filed by injured employees.

Some states exempt from mandatory coverage certain categories of workers, such as those in very small firms, certain agricultural workers, household workers, employees of charitable or religious organizations, or employees of some units of state and local government. Employers with fewer than three workers are exempt from mandatory workers' compensation coverage in Arkansas, Colorado, Georgia, Michigan, New Mexico, North Carolina, Virginia, and Wisconsin. Employers with fewer than four workers are exempt in Florida and South Carolina. Those with fewer than five employees are exempt in Alabama, Mississippi, Missouri, and Tennessee.

The rules for agricultural workers vary among states. In 16 states (in addition to Texas), farm employers are exempt from mandatory coverage altogether. In other states, coverage is compulsory for some or all farm employees.

Two groups outside the coverage of workers' compensation laws are railroad employees engaged in interstate commerce and seamen in the U.S. Merchant Marine. These workers have health insurance and short- and long-term cash benefit plans that cover disabilities whether or not the conditions are work related. In addition, under federal laws these workers retain the right to bring tort suits against their employers for negligence in the case of work-related injuries or illnesses.

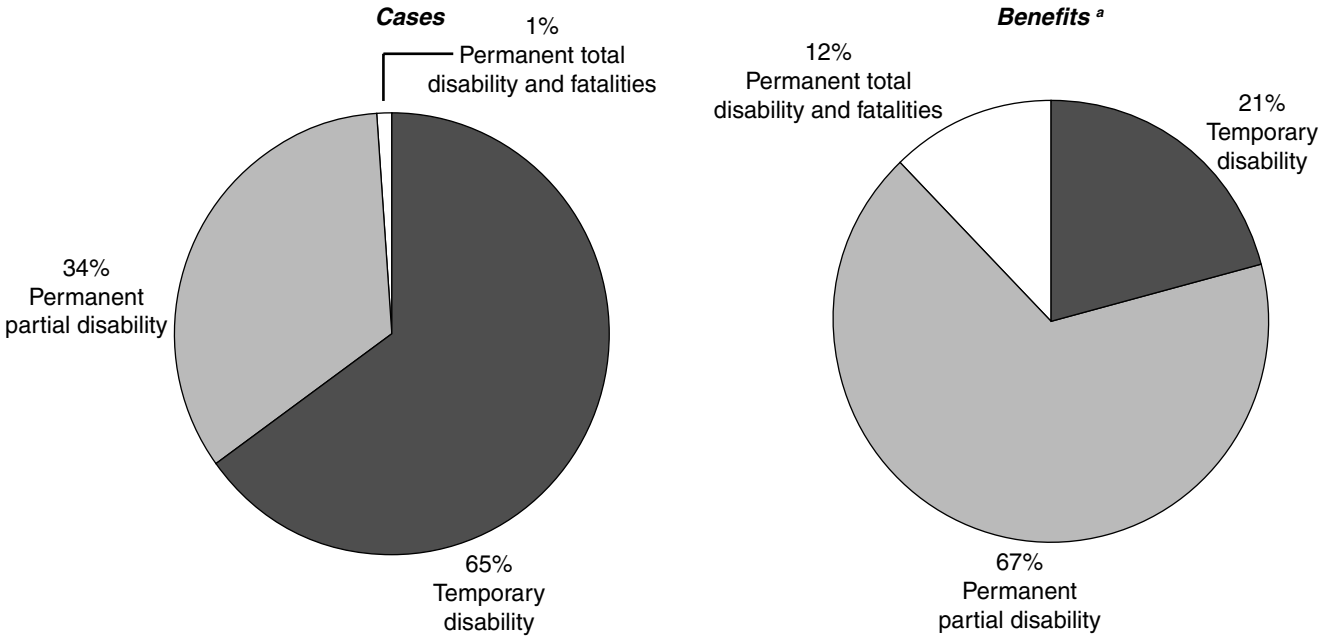
In 2004, state and federal workers' compensation laws covered an estimated 125.9 million employees, or 97.4 percent of all workers covered by unemployment insurance. In all, about 94 percent of all U.S. wage and salary workers are covered by workers' compensation laws. Self-employed persons are not covered by workers' compensation or unemployment insurance. Covered payroll—that is, total wages paid to workers covered by workers' compensation—was $4,953 billion in 2004.

Types of Workers' Compensation Benefits

Workers' compensation pays for medical care immediately and pays cash benefits for lost work time after a 3- to 7-day waiting period. Most workers' compensation cases involve relatively minor injuries that do not result in lost work time greater than the waiting period for cash benefits. In these cases, only medical benefits are paid. Although medical-only cases are common, they account for a small share of benefits paid, according to information about insured employers in 39 states. Medical-only cases accounted for 78 percent of the workers' compensation cases but for only 6 percent of benefits paid in recent years. At the same time, the 22 percent of cases that involved cash benefits accounted for 94 percent of total benefits for medical care and cash benefits combined (NCCI 2004).

Cash benefits vary according to the duration and severity of the worker's disability. **Temporary total disability** benefits are paid when the worker is precluded from performing the preinjury job or another job with the employer that the worker could have performed before the injury. Most states pay weekly benefits for temporary total disability that replace two-thirds of the worker's preinjury wage, subject to a dollar maximum that varies from state to state. In most cases, workers fully recover, return to work, and their benefits end. In some cases, they return to work before reaching maximum medical improvement and have reduced responsibilities and lower pay. In those cases, they receive **temporary partial disability** benefits. Temporary disability benefits are the most common type of cash benefit. They account for 65 percent of cases involving cash benefits and 21 percent of benefit payments incurred (Chart 1).

Chart 1.
Types of disabilities as a share of workers' compensation cases with cash benefits and of benefit payments incurred, 2001



SOURCE: National Council on Compensation Insurance, *Annual Statistical Bulletin* (Boca Raton, FL: NCCI, 2004), Exhibits X and XII.

NOTE: The data include only privately insured employers in 39 states. Medical-only cases are excluded.

a. Benefits are incurred losses.

If a worker has very significant impairments that are judged to be permanent after he or she reaches maximum medical improvement, **permanent total disability** benefits might be paid. These cases are relatively rare. Permanent total disabilities, together with fatalities, account for 1 percent of all cases that involve cash benefits and 12 percent of total benefit liabilities.

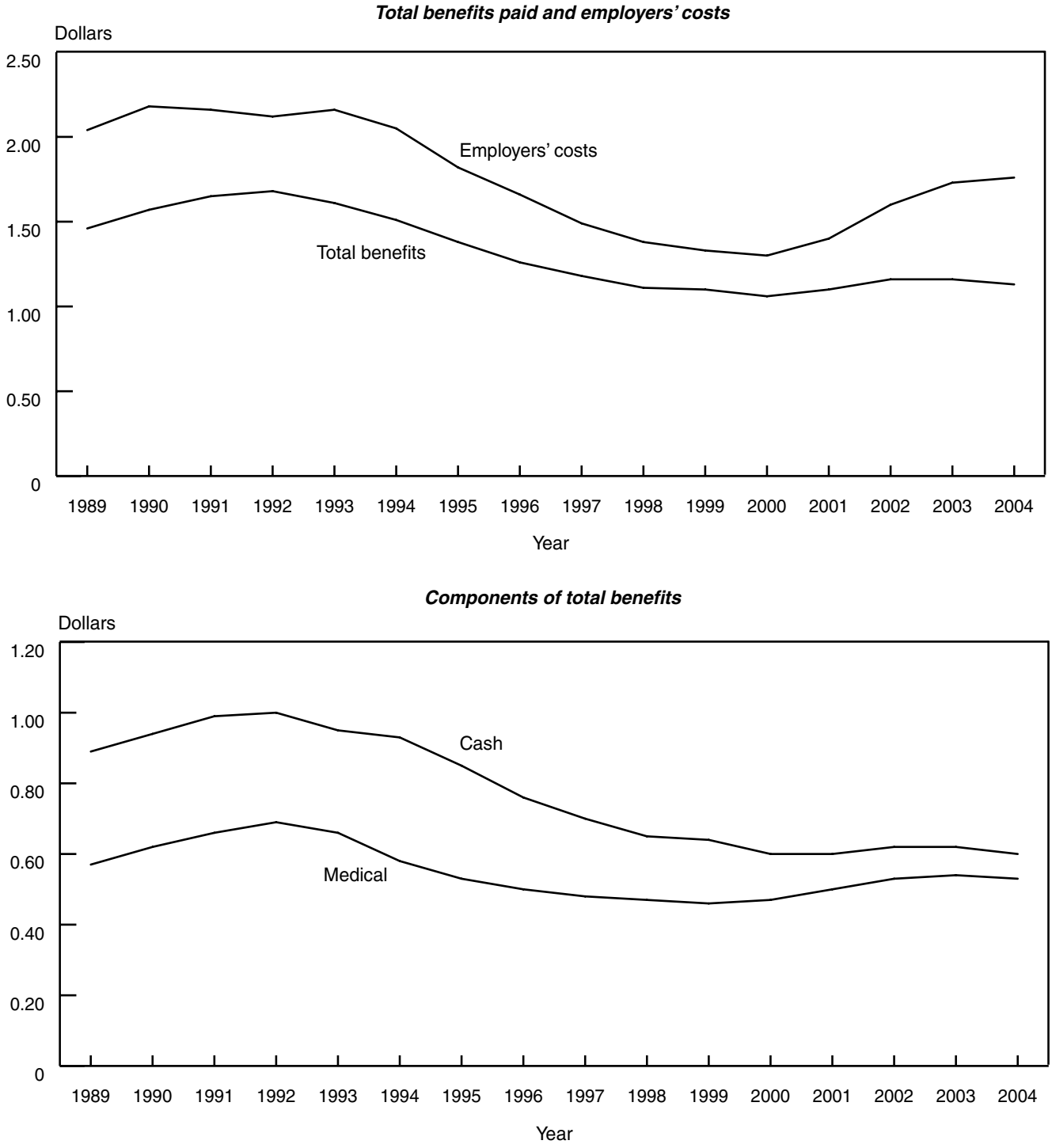
Permanent partial disability benefits are paid when the worker has impairments that, although permanent, do not completely limit his or her ability to work. States differ in their methods for determining whether a worker is entitled to permanent partial benefits, the degree of partial disability, and the amount of benefits to be paid (Barth and Niss 1999, Burton 2005). Cash benefits for permanent partial disability are frequently limited to a specified duration or an aggregate dollar limit. Permanent partial disabilities account for 34 percent of cases that involve any cash benefits and for 67 percent of benefit spending.

Benefits and Employer Costs in 2004

Workers' compensation programs in the 50 states and the District of Columbia and federal programs together paid $56.0 billion in workers' compensation benefits in 2004—$26.1 billion for medical care and $29.9 billion for cash benefits (Table 1). Payments to medical providers and benefits paid directly to workers each rose by 2.3 percent between 2003 and 2004.

Employers' costs in 2004 were $87.4 billion, an increase of 7.0 percent over 2003 costs. For employers who self-insure, costs are benefits paid plus administrative costs. For employers who buy insurance, costs are payments for premiums and for benefits paid in large deductibles under insurance policies that have this feature. Premiums paid in a given year do not necessarily correspond to benefits paid in that year because premiums reflect future liabilities for injuries that occur in that year.

Chart 2.
Workers' compensation benefits and employers' costs per $100 of covered wages, 1989–2004 (in dollars)



SOURCE: National Academy of Social Insurance estimates. The data are shown in Table A–1 in the appendix.

NOTES: Benefits are payments in the calendar year to injured workers and to providers of their medical care.

Costs are employers' expenditures in the calendar year for workers' compensation benefits, administrative costs, and insurance premiums. Costs for self-insuring employers are benefits paid in the calendar year plus the administrative costs associated with providing those benefits. Costs for employers who purchase insurance include the insurance premiums paid during the calendar year plus the benefits paid under large deductible plans during the year. The insurance premiums must pay for all of the compensable consequences of the injuries that occur during the year, including the benefits paid in the current year as well as future years.

When measured relative to aggregate wages of covered workers, the costs to employers rose by $0.03 per $100 of wages, from $1.73 in 2003 to $1.76 in 2004 (Table 1). In contrast, total workers' compensation payments to workers fell by $0.03 for every $100 of wages, from $1.16 in 2003 to $1.13 in 2004. The drop occurred in payments for medical care, which fell from $0.54 to $0.53 per $100 of wages in 2004, and in cash benefits paid to injured workers, which fell from $0.62 to $0.60 per $100 of wages.

During the 16-year period 1989–2004, workers' compensation benefits paid and employers' costs relative to wages peaked in the early 1990s and declined to a low in 2000. As of 2004, employers' costs had increased by more than benefits, but both benefits and costs remained far below their peak levels relative to wages. Total benefits peaked in 1992 at $1.68 per $100 of covered wages, which is $0.55 higher than the 2004 figure. Total costs to employers peaked in 1990 at $2.18 per $100 of covered wages, which is $0.42 higher than in 2004 (Chart 2).

During this 16-year period, both components of benefits (cash and medical payments) relative to wages reached peaks in the early 1990s and lows in 1999–2000. They have grown somewhat since then but are still substantially below their peaks (Chart 2). Medical payments have risen to account for a larger share of total benefits in 2004 than they did in the mid- to late 1990s.

Insurance Arrangements

Workers' compensation programs differ in the methods used to ensure that benefits will be paid when due. Employers generally provide the required protection through one of three methods: purchasing private insurance; purchasing insurance from a state fund, where available; or self-insuring (a method used mainly by large employers who are able to prove to state regulatory agencies that they are financially able to carry their own risk).

Options are limited in North Dakota and Wyoming because those states require employers to buy insurance through an exclusive state fund. In three other states in 2004—Ohio, Washington, and West Virginia—employers had to either self-insure or buy insurance through an exclusive state fund. In other jurisdictions, employers can purchase private insurance. In 2004, private insurers paid $28.3 billion (50.6 percent of benefits), state funds paid $11.0 billion (19.7 percent), and self-insured employees paid $13.3 billion (23.8 percent) (Table 2). Federal benefits accounted for $3.3 billion (5.8 percent).

State Variations

The great variations in the total benefits paid in each state reflect, among other things, the size of the labor force and prevailing wages in the state. California is the largest state, and its payments of $12.5 billion accounted for about 22 percent of total workers' compensation benefits paid in 2004 (Table 2).

The share of benefits for medical care also varies among states. In 2004, that share ranged from lows of less than 40 percent (in Connecticut, the District of Columbia, Hawaii, Massachusetts, Michigan, New York, Rhode Island, and Washington) to highs of more than 60 percent (in Alabama, Arizona, Arkansas, Indiana, South Dakota, Texas, and Utah) (Table 2). Many factors in a state can influence the relative share of benefits for medical care as opposed to cash wage-replacement or survivor benefits, including

- different levels of earnings replacement provided by cash benefits, which mean that, all else being equal, states with more generous cash benefits have a lower share of benefits used for medical care;
- differences in medical costs, medical practices, and the role of workers' compensation programs in regulating allowable medical costs;
- differences in waiting periods for cash benefits and in statutes determining permanent disability awards; and
- the industry mix in each state, which influences the types of illnesses and injuries that occur and thus the level of medical costs.

For the nation as a whole, payments for medical care and cash benefits both rose by 2.3 percent between 2003 and 2004. But in most jurisdictions, one component of workers' compensation grew more rapidly than the other (Table 3). In California, cash benefits rose by 5.1 percent while payments to medical care providers fell by 4.1 percent. In other states, payments to medical care providers grew more rapidly than did cash benefits to workers. In Michigan, for example, payments to medical providers rose by 5.0 percent while payments to workers rose by just 1.4 percent. In New York, medical payments increased by 8.4 percent while payments to workers increased by only 1.3 percent. In most jurisdictions, medical payments rose more than did payments to workers:

Table 1.
Comparison of coverage, benefits, and employers' costs for workers' compensation, 2003–2004

Amount	2003	2004	Change, 2003–2004	
			Amount (dollars)	Percent
Aggregate				
Covered workers (thousands)	124,685	125,863	. . .	0.9
Covered wages (billions of dollars)	4,717	4,953	. . .	5.0
Benefits paid (billions of dollars)	54.7	56.0	. . .	2.3
Medical payments	25.5	26.1	. . .	2.3
Cash benefits	29.2	29.9	. . .	2.3
Employers' costs for workers' compensation (billions of dollars)	81.7	87.4	. . .	7.0
Per $100 of covered wages (dollars)				
Benefits paid	1.16	1.13	-0.03	. . .
Medical payments	0.54	0.53	-0.01	. . .
Cash payments to workers	0.62	0.60	-0.02	. . .
Employers' costs	1.73	1.76	0.03	. . .

SOURCE: National Academy of Social Insurance estimates.

NOTES: Benefits are payments in the calendar year to injured workers and to providers of their medical care.

Costs are employers' expenditures in the calendar year for workers' compensation benefits, administrative costs, and insurance premiums. Costs for self-insuring employers are benefits paid in the calendar year plus the administrative costs associated with providing those benefits. Costs for employers who purchase insurance include the insurance premiums paid during the calendar year plus the benefits paid under large deductible plans during the year. The insurance premiums must pay for all of the compensable consequences of the injuries that occur during the year, including the benefits paid in the current year as well as future years.

. . . = not applicable.

in 27 jurisdictions, medical benefits either rose faster than cash benefits or rose while cash payments fell. In 16 jurisdictions, cash benefits to workers either grew faster than did medical payments or rose while medical payments fell.

These estimates of workers' compensation benefits and costs are reported in the *Annual Statistical Supplement to the Social Security Bulletin* and in the *Statistical Abstract of the United States*, which is published by the U.S. Census Bureau. More details about the estimates and methods for producing them are included in *Workers' Compensation: Benefits, Coverage and Costs, 2004*, available from the National Academy of Social Insurance at http://www.nasi.org.

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[NCCI] National Council on Compensation Insurance. 2004. *Annual Statistical Bulletin*, 2004 edition. Boca Raton, FL: NCCI.

Sengupta, Ishita, Virginia Reno, and John F. Burton Jr. 2006. *Workers' compensation: Benefits, coverage, and costs, 2004*. Washington, DC: National Academy of Social Insurance.

Table 2.
Nonfederal workers' compensation benefits, by type of insurer, and medical benefits as a share of all benefits, by state, 2004 (in thousands of dollars unless specified otherwise)

State	Total	Private insurers	State funds	Self-insured [a]	Medical benefits	
					Amount (dollars)	As a share of all benefits
Total, nonfederal	52,711,882	28,346,310	11,044,194	13,321,378	25,228,333	47.9
Alabama	575,697	277,585	. . .	298,112	357,739	62.1 [b]
Alaska	194,195	142,286	. . .	51,910	108,348	55.8 [b]
Arizona	584,750	185,882	295,598	103,270	375,591	64.2 [b]
Arkansas	225,689	160,642	. . .	65,047	136,946	60.7 [b]
California	12,459,638	5,562,020	3,202,628	3,694,990	6,072,398	48.7
Colorado	834,594	271,253	416,618	146,723	406,930	48.8 [b]
Connecticut	684,930	433,077	. . .	251,853	271,039	39.6 [b]
Delaware	158,190	113,948	. . .	44,242	75,711	47.9 [c]
District of Columbia	98,443	75,415	. . .	23,029	38,089	38.7 [b]
Florida	2,759,712	2,219,913	. . .	539,799	1,637,270	59.3 [b]
Georgia	1,127,654	768,478	. . .	359,176	538,764	47.8 [b]
Hawaii	271,290	150,840	34,015	86,436	103,900	38.3 [b]
Idaho	210,326	74,896	122,429	13,001	124,277	59.1 [b]
Illinois	2,213,372	1,646,713	. . .	566,659	1,073,614	48.5 [b]
Indiana	608,717	489,351	. . .	119,366	413,979	68.0 [b]
Iowa	445,832	337,824	. . .	108,008	230,117	51.6 [b]
Kansas	365,546	241,025	. . .	124,522	200,913	55.0 [b]
Kentucky	763,050	422,506	72,097	268,447	411,837	54.0 [b]
Louisiana	589,209	297,493	163,733	127,984	297,065	50.4 [b]
Maine	269,917	94,800	84,269	90,847	113,359	42.0 [b]
Maryland	767,576	448,756	196,097	122,723	317,621	41.4 [b]
Massachusetts	1,045,747	900,741	. . .	145,006	358,708	34.3
Michigan	1,517,386	827,277	. . .	690,109	569,855	37.6
Minnesota	933,975	576,232	120,488	237,255	455,248	48.7
Mississippi	305,516	172,433	. . .	133,083	170,668	55.9 [b]
Missouri	1,119,871	684,950	114,560	320,361	564,841	50.4 [b]
Montana	211,059	67,757	103,559	39,743	113,201	53.6 [b]
Nebraska	283,148	218,113	. . .	65,035	166,863	58.9 [b]
Nevada	357,937	239,619	. . .	118,317	175,796	49.1 [b]
New Hampshire	213,964	167,868	. . .	46,096	119,685	55.9 [b]
New Jersey	1,398,358	1,278,746	. . .	119,612	669,265	47.9 [c]
New Mexico	196,123	87,748	32,170	76,205	115,830	59.1 [b]
New York	3,337,490	1,732,841	775,146	829,503	1,127,178	33.8
North Carolina	1,159,117	844,199	. . .	314,919	512,146	44.2 [b]
North Dakota	83,237	260 [d]	82,977	. . .	46,870	56.3
Ohio	2,442,137	37,509 [d]	1,935,728	468,900	1,141,082	46.7
Oklahoma	572,001	241,921	212,864	117,216	263,451	46.1 [b]
Oregon	506,813	234,700	228,642	43,472	270,253	53.3 [b]
Pennsylvania	2,594,238	1,803,792	226,158	564,288	1,068,661	41.2
Rhode Island	142,268	40,504	85,096	16,669	49,990	35.1 [b]

(Continued)

Table 2.
Continued

State	Total	Private insurers	State funds	Self-insured [a]	Medical benefits	
					Amount (dollars)	As a share of all benefits
South Carolina	688,115	461,543	49,629	176,944	318,811	46.3 [b]
South Dakota	76,472	72,749	. . .	3,723	48,122	62.9 [b]
Tennessee	895,808	649,333	. . .	246,475	462,466	51.6 [b]
Texas	1,574,451	991,865	297,235	285,350	958,631	60.9 [b]
Utah	218,264	56,281	122,905	39,077	149,240	68.4 [b]
Vermont	128,076	106,192	. . .	21,884	58,611	45.8 [b]
Virginia	762,067	554,397	. . .	207,670	419,955	55.1 [b]
Washington	1,836,097	30,766 [d]	1,323,410	481,921	636,211	34.7
West Virginia	741,034	7,317 [d]	629,617	104,100	354,665	47.9 [c]
Wisconsin	1,042,725	840,423	. . .	202,302	499,057	47.9 [c]
Wyoming	120,062	3,534 [d]	116,528	. . .	57,463	47.9 [c]
Total nonfederal	52,711,882	28,346,310	11,044,194	13,321,378	25,228,333	47.9
Total federal [e]	3,256,239	f	f	f	870,872	26.7
Federal employees	2,445,077	f	f	f	701,110	28.7
Total benefits	55,968,121	f	f	f	26,099,205	46.6

SOURCE: National Academy of Social Insurance estimates based on data received from state agencies, the U.S. Department of Labor, A.M. Best, and the National Council on Compensation Insurance.

NOTE: . . . = not applicable.

a. Self-insurance includes individual self-insurers and group self-insurance.

b. Medical percentage is based on data provided by the National Council on Compensation Insurance; see Sengupta, Reno, and Burton (2006), Appendix F.

c. Medical percentage is based on the weighted average of states for which medical data were available; see Sengupta, Reno, and Burton (2006), Appendix F.

d. States with exclusive funds (North Dakota, Ohio, Washington, West Virginia, and Wyoming) may have small amounts of benefits paid in the "Private insurers" category. Two factors account for these small amounts: some companies have group policies that overlap states, and some companies include excess workers' compensation coverage in their reports of workers' compensation benefits to A.M. Best.

e. Federal benefits include those paid under the Federal Employees' Compensation Act for civilian employees, the portion of the Black Lung benefit program that is financed by employers, and a portion of benefits under the Longshore and Harbor Workers' Compensation Act (LHWCA) that are not reflected in state data, namely, benefits paid by self-insured employers and by special funds under the LHWCA. For more information about federal programs, see Sengupta, Reno, and Burton (2006), Appendix H.

f. Data are not available by category.

Table 3.
Nonfederal medical, cash, and total benefits, by state, 2003–2004 (in thousands of dollars unless otherwise specified)

State	2003			2004			Percentage change, 2003–2004		
	Medical	Cash	Total	Medical	Cash	Total	Medical	Cash	Total
Total	24,667,151	26,862,694	51,529,845	25,228,333	27,483,548	52,711,882	2.3	2.3	2.3
Alabama	364,616	215,568	580,184	357,739	217,958	575,697	-1.9	1.1	-0.8
Alaska	101,417	82,962	184,379	108,348	85,848	194,195	6.8	3.5	5.3
Arizona	337,056	194,184	531,240	375,591	209,159	584,750	11.4	7.7	10.1
Arkansas	139,779	85,282	225,061	136,946	88,742	225,689	-2.0	4.1	0.3
California	6,329,029	6,074,701	12,403,729	6,072,398	6,387,240	12,459,638	-4.1	5.1	0.5
Colorado	332,713	424,327	757,041	406,930	427,663	834,594	22.3	0.8	10.2
Connecticut	288,356	386,392	674,747	271,039	413,891	684,930	-6.0	7.1	1.5
Delaware	76,703	83,561	160,264	75,711	82,479	158,190	-1.3	-1.3	-1.3
District of Columbia	32,973	56,135	89,108	38,089	60,354	98,443	15.5	7.5	10.5
Florida	1,631,140	1,180,162	2,811,302	1,637,270	1,122,442	2,759,712	0.4	-4.9	-1.8
Georgia	502,974	558,995	1,061,969	538,764	588,890	1,127,654	7.1	5.3	6.2
Hawaii	105,503	169,420	274,922	103,900	167,390	271,290	-1.5	-1.2	-1.3
Idaho	112,159	84,235	196,394	124,277	86,049	210,326	10.8	2.2	7.1
Illinois	975,428	1,128,229	2,103,658	1,073,614	1,139,757	2,213,372	10.1	1.0	5.2
Indiana	378,310	181,111	559,421	413,979	194,738	608,717	9.4	7.5	8.8
Iowa	205,463	218,734	424,198	230,117	215,715	445,832	12.0	-1.4	5.1
Kansas	160,283	133,190	293,473	200,913	164,633	365,546	25.3	23.6	24.6
Kentucky	392,111	332,180	724,291	411,837	351,213	763,050	5.0	5.7	5.4
Louisiana	297,357	288,122	585,480	297,065	292,144	589,209	-0.1	1.4	0.6
Maine	110,790	128,987	239,777	113,359	156,558	269,917	2.3	21.4	12.6
Maryland	292,542	408,755	701,297	317,621	449,955	767,576	8.6	10.1	9.5
Massachusetts	350,931	706,245	1,057,175	358,708	687,039	1,045,747	2.2	-2.7	-1.1
Michigan	542,574	934,276	1,476,850	569,855	947,531	1,517,386	5.0	1.4	2.7
Minnesota	413,726	471,280	885,006	455,248	478,726	933,975	10.0	1.6	5.5
Mississippi	162,553	128,461	291,014	170,668	134,848	305,516	5.0	5.0	5.0
Missouri	534,615	546,255	1,080,870	564,841	555,029	1,119,871	5.7	1.6	3.6
Montana	105,286	95,571	200,857	113,201	97,859	211,059	7.5	2.4	5.1
Nebraska	171,361	119,058	290,419	166,863	116,286	283,148	-2.6	-2.3	-2.5
Nevada	150,151	176,406	326,556	175,796	182,141	357,937	17.1	3.3	9.6
New Hampshire	123,981	95,648	219,629	119,685	94,278	213,964	-3.5	-1.4	-2.6
New Jersey	660,107	719,128	1,379,235	669,265	729,093	1,398,358	1.4	1.4	1.4
New Mexico	107,936	81,491	189,427	115,830	80,293	196,123	7.3	-1.5	3.5
New York	1,039,503	2,180,894	3,220,398	1,127,178	2,210,311	3,337,490	8.4	1.3	3.6
North Carolina	480,925	585,686	1,066,611	512,146	646,971	1,159,117	6.5	10.5	8.7
North Dakota [a]	43,102	35,352	78,453	46,870	36,367	83,237	8.7	2.9	6.1
Ohio [a]	1,140,541	1,301,646	2,442,187	1,141,082	1,301,055	2,442,137	0	0	0
Oklahoma	262,953	290,970	553,922	263,451	308,550	572,001	0.2	6.0	3.3
Oregon	245,975	225,332	471,307	270,253	236,559	506,813	9.9	5.0	7.5
Pennsylvania	1,040,169	1,525,175	2,565,344	1,068,661	1,525,577	2,594,238	2.7	0	1.1
Rhode Island	40,579	90,286	130,865	49,990	92,278	142,268	23.2	2.2	8.7

(Continued)

Table 3.
Continued

State	2003			2004			Percentage change, 2003–2004		
	Medical	Cash	Total	Medical	Cash	Total	Medical	Cash	Total
South Carolina	312,056	344,879	656,935	318,811	369,305	688,115	2.2	7.1	4.7
South Dakota	46,331	27,436	73,767	48,122	28,350	76,472	3.9	3.3	3.7
Tennessee	445,703	396,944	842,647	462,466	433,342	895,808	3.8	9.2	6.3
Texas	1,169,889	687,053	1,856,942	958,631	615,820	1,574,451	-18.1	-10.4	-15.2
Utah	121,849	64,495	186,344	149,240	69,023	218,264	22.5	7.0	17.1
Vermont	58,147	61,813	119,961	58,611	69,465	128,076	0.8	12.4	6.8
Virginia	393,992	307,601	701,593	419,955	342,112	762,067	6.6	11.2	8.6
Washington [a]	619,553	1,180,523	1,800,076	636,211	1,199,886	1,836,097	2.7	1.6	2.0
West Virginia [a]	241,676	587,237	828,913	354,665	386,369	741,034	46.8	-34.2	-10.6
Wisconsin	402,196	438,158	840,354	499,057	543,668	1,042,725	24.1	24.1	24.1
Wyoming [a]	72,090	42,161	114,252	57,463	62,599	120,062	-20.3	48.5	5.1

SOURCE: National Academy of Social Insurance estimates based on data from state agencies and A.M. Best.

a. Some of the percentage change in benefits for the 2 years being compared might be due to differences in methods used for at least one component of the estimates. For more detail on state-by-state methodologies, see *Sources and Methods: A Companion to Workers' Compensation: Benefits, Coverage, and Costs, 2004*, available at http://www.nasi.org.

Appendix

Table A–1 shows the data for Chart 2.

Table A-1.
Total workers' compensation benefits, employer costs, and medical and cash benefits per $100 of covered wages, 1989–2004 (in dollars)

Year	Benefits	Employer costs	Benefits per $100 of covered wages	
			Medical	Cash
1989	1.46	2.04	0.57	0.89
1990	1.57	2.18	0.62	0.94
1991	1.65	2.16	0.66	0.99
1992	1.68	2.12	0.69	1.00
1993	1.61	2.16	0.66	0.95
1994	1.51	2.05	0.58	0.93
1995	1.38	1.82	0.53	0.85
1996	1.26	1.66	0.50	0.76
1997	1.18	1.49	0.48	0.70
1998	1.11	1.38	0.47	0.65
1999	1.10	1.33	0.46	0.64
2000	1.06	1.30	0.47	0.60
2001	1.10	1.40	0.50	0.60
2002	1.16	1.60	0.53	0.62
2003	1.16	1.73	0.54	0.62
2004	1.13	1.76	0.53	0.60

SOURCE: National Academy of Social Insurance estimates.

THE 2007 ANNUAL REPORT OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE AND FEDERAL DISABILITY INSURANCE TRUST FUNDS

I. INTRODUCTION

The Old-Age, Survivors, and Disability Insurance (OASDI) program in the United States makes available a basic level of monthly income upon the attainment of retirement eligibility age, death, or disability by insured workers. The OASDI program consists of two separate parts which pay benefits to workers and their families—Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI). Under OASI, monthly benefits are paid to retired workers and their families and to survivors of deceased workers. Under DI, monthly benefits are paid to disabled workers and their families.

The Board of Trustees was established under the Social Security Act to oversee the financial operations of the OASI and DI Trust Funds. The Board is composed of six members. Four members serve by virtue of their positions in the Federal Government: the Secretary of the Treasury, who is the Managing Trustee; the Secretary of Labor; the Secretary of Health and Human Services; and the Commissioner of Social Security. The other two members, John L. Palmer and Thomas R. Saving, are public representatives initially appointed by President William J. Clinton on October 28, 2000, and reappointed by President George W. Bush on April 18, 2006. The Deputy Commissioner of the Social Security Administration (SSA) is designated as Secretary of the Board.

The Social Security Act requires that the Board, among other duties, report annually to the Congress on the financial and actuarial status of the OASI and DI Trust Funds. This annual report, for 2007, is the 67th such report.

Reprinted from the *2007 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds*. The full report is available at http://www.socialsecurity.gov/OACT/TR/TR07.

II. OVERVIEW

A. HIGHLIGHTS

The report's major findings are summarized below.

In 2006

At the end of 2006, 49 million people were receiving benefits: 34 million retired workers and their dependents, 7 million survivors of deceased workers, and 9 million disabled workers and their dependents. During the year an estimated 162 million people had earnings covered by Social Security and paid payroll taxes. Total benefits paid in 2006 were $546 billion. Income was $745 billion, and assets held in special issue U.S. Treasury securities grew to $2.0 trillion.

Short-Range Results

The OASI and DI Trust Funds, individually and combined, are adequately financed over the next 10 years under the intermediate assumptions. The combined assets of the OASI and DI Trust Funds are projected to increase from $2,048 billion at the beginning of 2007, or 345 percent of annual expenditures, to $4,210 billion at the beginning of 2016, or 407 percent of annual expenditures in that year. Combined assets were projected in last year's report to rise to 344 percent of annual expenditures at the beginning of 2007, and 407 percent at the beginning of 2016.

Long-Range Results

Under the intermediate assumptions, OASDI cost will increase more rapidly than tax income between about 2010 and 2030, due to the retirement of the large baby-boom generation. After 2030, increases in life expectancy and relatively low fertility rates will continue to increase Social Security system costs relative to tax income, but more slowly. Annual cost will exceed tax income starting in 2017 at which time the annual gap will be covered with cash from redemptions of special obligations of the Treasury that make up the trust fund assets, until these assets are exhausted in 2041. Separately, the DI fund is projected to be exhausted in 2026 and the OASI fund in 2042. For the 75-year projection period, the actuarial deficit is 1.95 percent of taxable payroll, 0.06 percentage point smaller than in last year's report. The open group unfunded obligation for OASDI over the 75-year period is $4.7 trillion in present value, and is $0.1 trillion above the measured level of a year ago. In the absence of any changes in assumptions, methods, and starting values,

the unfunded obligation would have risen to $4.8 trillion due to the change in the valuation date.

The OASDI annual cost rate is projected to increase from 11.21 percent of taxable payroll in 2007, to 16.59 percent in 2030, and to 18.55 percent in 2081, or to a level that is 5.20 percent of taxable payroll more than the projected income rate for 2081. In last year's report the OASDI cost for 2080 was estimated at 18.74 percent, or 5.38 percent of payroll more than the annual income rate for that year. Expressed in relation to the projected gross domestic product (GDP), OASDI cost is estimated to rise from the current level of 4.3 percent of GDP, to 6.2 percent in 2030, and to 6.3 percent in 2081.

Conclusion

Annual cost will begin to exceed tax income in 2017 for the combined OASDI Trust Funds, which are projected to become exhausted and thus unable to pay scheduled benefits in full on a timely basis in 2041 under the long-range intermediate assumptions. For the trust funds to remain solvent throughout the 75-year projection period, the combined payroll tax rate could be increased during the period in a manner equivalent to an immediate and permanent increase of 1.95 percentage points, benefits could be reduced during the period in a manner equivalent to an immediate and permanent reduction of 13.0 percent, general revenue transfers equivalent to $4.7 trillion in present value could be made during the period, or some combination of approaches could be adopted. Significantly larger changes would be required to maintain solvency beyond 75 years.

The projected trust fund deficits should be addressed in a timely way to allow for a gradual phasing in of the necessary changes and to provide advance notice to workers. Making adjustments sooner will allow them to be spread over more generations. Social Security plays a critical role in the lives of this year's (2007) 50 million beneficiaries and 163 million covered workers and their families. With informed discussion, creative thinking, and timely legislative action, we will work with Congress and others to ensure that Social Security continues to protect future generations.

B. TRUST FUND FINANCIAL OPERATIONS IN 2006

The table below shows the income, expenditures, and assets for the OASI, the DI and the combined OASDI Trust Funds in calendar year 2006.

Table II.B1.—Summary of 2006 Trust Fund Financial Operations

	Amounts (in billions)		
	OASI	DI	OASDI
Assets at the end of 2005	$1,663.0	$195.6	$1,858.7
Total income in 2006	642.2	102.6	744.9
Net contributions	534.8	90.8	625.6
Taxation of benefits	15.6	1.2	16.9
Interest	91.8	10.6	102.4
Total expenditures in 2006	461.0	94.5	555.4
Benefit payments	454.5	91.7	546.2
Railroad Retirement financial interchange	3.5	.4	3.8
Administrative expenses	3.0	2.3	5.3
Net increase in assets in 2006	181.3	8.2	189.5
Assets at the end of 2006	1,844.3	203.8	2,048.1

Note: Totals do not necessarily equal the sums of rounded components.

In 2006, net contributions accounted for 84 percent of total trust fund income. Net contributions consist of taxes paid by employees, employers and the self-employed on earnings covered by Social Security. These taxes were paid on covered earnings up to a specified maximum annual amount, which was $94,200 in 2006 and is increased each year automatically (to $97,500 in 2007) as the average wage increases. The tax rates scheduled under current law for 2006 and later are shown in table II.B2.

Table II.B2.—Tax Rates for 2006 and Later

	OASI	DI	OASDI
Tax rate for employees and employers, each (in percent)	5.30	0.90	6.20
Tax rate for self-employed persons (in percent)	10.60	1.80	12.40

Two percent of OASDI Trust Fund income came from subjecting up to 50 percent of Social Security benefits above specified levels to Federal personal income taxation, and 14 percent of OASDI income came from interest earned on investment of OASDI Trust Fund reserves. Social Security's assets are invested in interest-bearing securities of the U.S. Government. In 2006 the combined trust fund assets earned interest at an effective annual rate of

5.3 percent. More than 98 percent of expenditures from the combined OASDI Trust Funds in 2006 went to pay retirement, survivor, and disability benefits totaling $546.2 billion. The financial interchange with the Railroad Retirement program resulted in a payment of $3.8 billion from the combined OASDI Trust Funds, or about 0.7 percent of total expenditures. The administrative expenses of the Social Security program were $5.3 billion, less than 1.0 percent of total expenditures.

Assets of the trust funds provide a reserve to pay benefits whenever total program cost exceeds income. Trust fund assets increased by $189.5 billion in 2006 because income to each fund exceeded expenditures. At the end of 2006, the combined assets of the OASI and the DI Trust Funds were 345 percent of estimated expenditures for 2007, up from an actual level of 335 percent at the end of 2005.

C. ASSUMPTIONS ABOUT THE FUTURE

The actual future income and expenditures of the OASI and DI Trust Funds depend on many factors, including the size and characteristics of the population receiving benefits, the level of monthly benefit amounts, the size of the workforce, and the level of workers' earnings. These factors will depend in turn upon future birth rates, death rates, immigration, marriage and divorce rates, retirement-age patterns, disability incidence and termination rates, employment rates, productivity gains, wage increases, inflation, and many other demographic, economic, and program-specific factors.

The intermediate demographic and economic assumptions shown in table II.C1, designated as alternative II, reflect the Trustees' best estimates of future experience, and therefore most of the figures in this overview depict only the outcomes under the intermediate assumptions. Any projection of the future is, of course, uncertain. For this reason, alternatives I (low cost) and III (high cost) are included to provide a range of possible future experience. The assumptions for these two alternatives are also shown in table II.C1, and their implications are highlighted in a separate section on the uncertainty of the projections.

Assumptions are reexamined each year in light of recent experience and new information. This careful review and updating of the assumptions on an annual basis helps ensure that they provide the Trustees' best estimate of future possibilities.

Table II.C1.—Ultimate[1] Values of Key Demographic and Economic Assumptions for the Long-Range (75-year) Projection Period

Ultimate assumptions	Intermediate	Low Cost	High Cost
Total fertility rate (children per woman)	2.0	2.3	1.7
Average annual percentage reduction in total age-sex-adjusted death rates from 2031 to 2081	.70	.33	1.21
Annual net immigration (in thousands)	900	1,300	673
Annual percentage change in:			
Productivity (total U.S. economy)	1.7	2.0	1.4
Average wage in covered employment	3.9	3.4	4.4
Consumer Price Index (CPI)	2.8	1.8	3.8
Real-wage differential (percent)	1.1	1.6	.6
Unemployment rate (percent)	5.5	4.5	6.5
Annual trust fund real interest rate (percent)	2.9	3.6	2.1

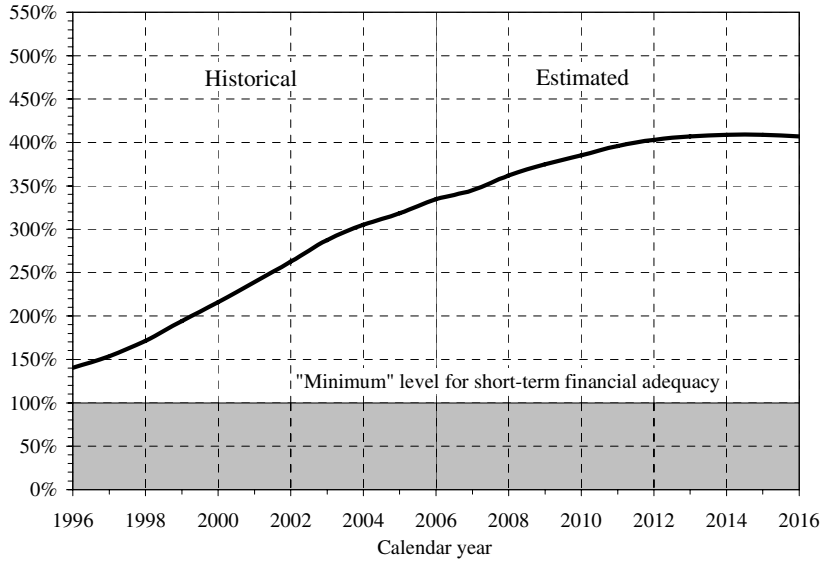
[1] Ultimate values are assumed to be reached within 2 to 25 years. See chapter V for details, including historical values and projected values prior to reaching the ultimate.

D. PROJECTIONS OF FUTURE FINANCIAL STATUS

Short-Range Actuarial Estimates

For the short range (2007-2016), the Trustees measure financial adequacy by comparing assets at the beginning of each year to projected program cost for that year under the intermediate set of assumptions. Having a trust fund ratio of 100 percent or more—that is, assets at the beginning of each year at least equal to projected cost for the year—is considered a good indication of a trust fund's ability to cover most short-term contingencies. Both the OASI and the DI trust fund ratios under the intermediate assumptions exceed 100 percent throughout the short-range period and therefore satisfy the Trustees' short-term test of financial adequacy. Figure II.D1 below shows that the trust fund ratios for the combined OASI and DI Trust Funds reach a peak level in 2014 and begin declining thereafter.

Figure II.D1.—Short-Range OASDI Trust Fund Ratios
[Assets as a percentage of annual expenditures]



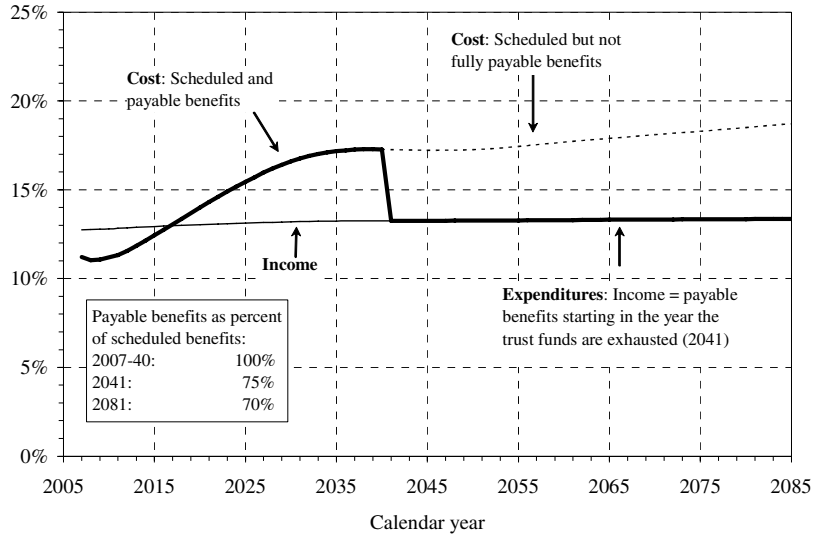
Long-Range Actuarial Estimates

The financial status of the program over the next 75 years is measured in terms of annual cost and income as a percentage of taxable payroll, trust fund ratios, the actuarial balance (also as a percentage of taxable payroll), and the open group unfunded obligation (expressed in present-value dollars). Con-

sidering Social Security's cost as a percentage of the total U.S. economic output (gross domestic product or GDP) provides an additional perspective.

The year-by-year relationship between income and cost rates shown in figure II.D2 illustrates the expected pattern of cash flows for the OASDI program over the full 75-year period. Under the intermediate assumptions, the OASDI cost rate is projected to decline slightly in 2008 and then increase up to the 2007 level within the next 2 years. It then begins to increase rapidly and first exceeds the income rate in 2017, producing cash-flow deficits thereafter. Cash-flow deficits are less than trust fund interest earnings until 2027. Redemption of trust fund assets will allow continuation of full benefit payments on a timely basis until 2041, when the trust funds will become exhausted. This redemption process will require a flow of cash from the General Fund of the Treasury. Pressures on the Federal Budget will thus emerge well before 2041. Even if a trust fund's assets are exhausted, however, tax income will continue to flow into the fund. Present tax rates would be sufficient to pay 75 percent of scheduled benefits after trust fund exhaustion in 2041 and 70 percent of scheduled benefits in 2081.

Figure II.D2.—OASDI Income and Cost Rates Under Intermediate Assumptions
[As a percentage of taxable payroll]

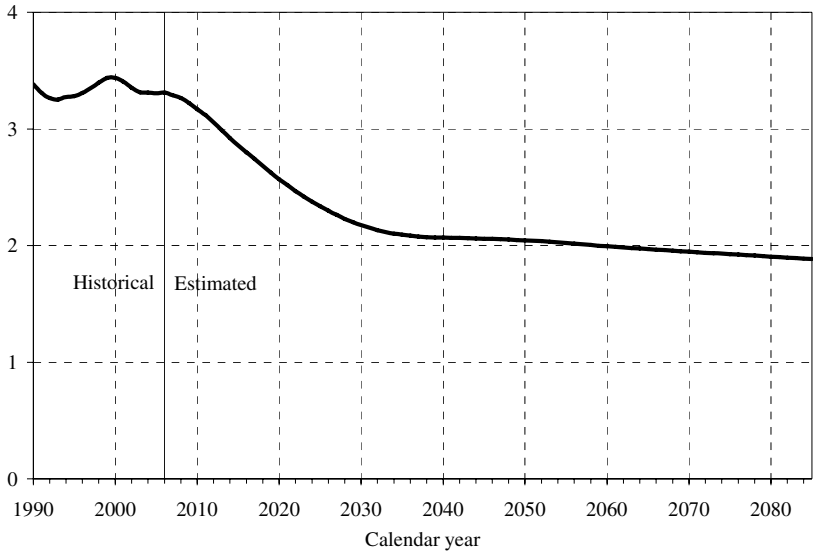


Social Security's cost rate generally will continue rising rapidly through about 2030 as the baby-boom generation reaches retirement eligibility age. Thereafter, the cost rate is estimated to rise at a slower rate for about 5 years

and then stabilize for the next 15 years as the baby-boom ages and decreases in size. Continued reductions in death rates and maintaining birth rates at levels well below those from the baby-boom era and before will cause a significant upward shift in the average age of the population and will push the cost rate from 17.3 percent of taxable payroll in 2050 to 18.5 percent by 2081 under the intermediate assumptions. In a pay-as-you-go system (with no trust fund assets or borrowing authority), this 18.5-percent cost rate means the combination of the payroll tax (scheduled to total 12.4 percent) and proceeds from income taxes on benefits (expected to be 0.9 percent of taxable payroll in 2081) would have to equal 18.5 percent of taxable payroll to pay all currently scheduled benefits. After 2081, the upward shift in the average age of the population is likely to continue and to increase the gap between OASDI costs and income.

The primary reason that the OASDI cost rate will increase rapidly between 2010 and 2030 is that, as the large baby-boom generation born in the years 1946 through 1965 retires, the number of beneficiaries will increase much more rapidly than the number of workers. The estimated number of workers per beneficiary is shown in figure II.D3. In 2006, there were about 3.3 workers for every OASDI beneficiary. The baby-boom generation will have largely retired by 2030, and the projected ratio of workers to beneficiaries will be only 2.2 at that time. Thereafter, the number of workers per beneficiary will slowly decline, and the OASDI cost rate will continue to increase largely due to projected reductions in mortality.

Figure II.D3.—Number of Covered Workers Per OASDI Beneficiary



The maximum projected trust fund ratios for the OASI, DI, and combined funds appear in table II.D1. The year in which the maximum projected trust fund ratio is attained and the year in which the assets are projected to be exhausted are shown as well.

Table II.D1.—Projected Maximum Trust Fund Ratios Attained and Trust Fund Exhaustion Dates Under the Intermediate Assumptions

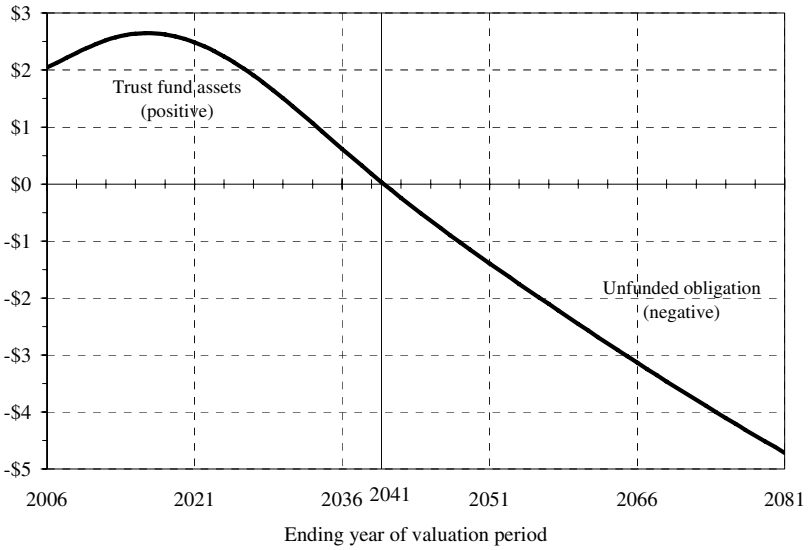
	OASI	DI	OASDI
Maximum trust fund ratio (percent)	463	200	409
Year attained	2015	2007	2014
Year of trust fund exhaustion	2042	2026	2041

The actuarial balance is a measure of the program's financial status for the 75-year valuation period as a whole. It is essentially the difference between income and cost of the program expressed as a percentage of taxable payroll over the valuation period. This single number summarizes the adequacy of program financing for the period. When the actuarial balance is negative, the actuarial deficit can be interpreted as the percentage that could be added to the current law income rate for each of the next 75 years, or subtracted from the cost rate for each year, to bring the funds into actuarial balance. Because the timing of any future changes is unlikely to follow this pattern, this measure should be viewed only as providing a rough indication of the average

change that is needed over the 75-year period as a whole. In this report, the actuarial balance under the intermediate assumptions is a deficit of 1.95 percent of taxable payroll for the combined OASI and DI Trust Funds. The actuarial deficit was 2.02 percent in the 2006 report and has been in the range of 1.86 percent to 2.23 percent for the last ten reports.

Another way to illustrate the financial shortfall of the OASDI system is to examine the cumulative value of taxes less costs, in present value. Figure II.D4 shows the present value of cumulative OASDI taxes less costs over the next 75 years. The balance of the combined trust funds peaks at $2.6 trillion in 2017 (in present value) and then turns downward. This cumulative amount continues to be positive, indicating trust fund assets, or reserves, through 2040. However, after 2040 this cumulative amount becomes negative, indicating a net unfunded obligation. Through the end of 2081, the combined funds have a present-value unfunded obligation of $4.7 trillion. This unfunded obligation represents 1.8 percent of future taxable payroll and 0.7 percent of future GDP, through the end of the 75-year projection period.

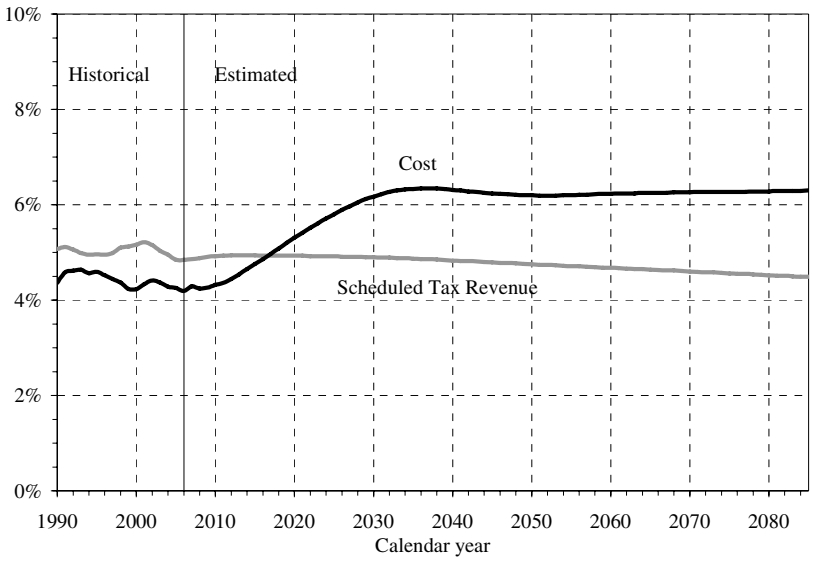
Figure II.D4.—Cumulative OASDI Income Less Cost, Based on Present Law Tax Rates and Scheduled Benefits
[Present value as of January 1, 2007, in trillions]



Still another important way to look at Social Security's future is to view its cost as a share of U.S. economic output. Figure II.D5 shows that Social Security's cost as a percentage of GDP will grow from 4.3 percent in 2007 to

6.2 percent in 2030, and then slightly increase to 6.3 percent in 2081. However, Social Security's scheduled tax income is projected to be about 4.9 percent of GDP in both 2007 and 2030, and then to decrease to 4.5 percent in 2081. Income from payroll taxes declines generally in relation to GDP in the future because an increasing share of employee compensation is assumed to be provided in fringe benefits, making wages a shrinking share of GDP. Between 2010 and 2030, however, the total non-interest income does not decline as a percent of GDP because benefits, and thus income to the trust funds from taxation of these benefits, are rising rapidly as a percent of GDP during the period.

Figure II.D5.—OASDI Cost and Scheduled Tax Revenue as a Percentage of GDP



Consideration of a 75-year period is not enough to provide a complete picture of Social Security's financial condition. Figures II.D2, II.D4, and II.D5 show that the program's financial condition is worsening at the end of the period. Overemphasis on summary measures for a 75-year period can lead to incorrect perceptions and to policy prescriptions that do not achieve sustainable solvency. Thus, careful consideration of the trends in annual deficits and unfunded obligations toward the end of the 75-year period is important. In addition, summary measures for a time period that extends to the infinite horizon are included in this report. These measures provide an additional indication of Social Security's very long-run financial condition, but are subject to much greater uncertainty. These calculations show that extending the

horizon beyond 75 years increases the unfunded obligation. Over the infinite horizon, the shortfall (unfunded obligation) is $13.6 trillion in present value, or 3.5 percent of future taxable payroll and 1.2 percent of future GDP. These calculations of the shortfall indicate that much larger changes may be required to achieve solvency beyond the 75-year period as compared to changes needed to balance 75-year period summary measures. The measured unfunded obligation over the infinite horizon increases from $13.4 trillion in last year's report to $13.6 trillion in this report. In the absence of any changes in assumptions, methods, and starting values, the unfunded obligation over the infinite horizon would have risen to $14.1 trillion due to the change in the valuation date.

Changes From Last Year's Report

The long-range OASDI actuarial deficit of 1.95 percent of taxable payroll for this year's report is smaller than the deficit of 2.02 percent of taxable payroll shown in last year's report under intermediate assumptions. Changes in methodology and assumed rates of disability incidence are the main reasons for the decrease in the deficit. For a detailed description of the specific changes identified in table II.D2 below, see section IV.B.7 on page 65.

Table II.D2.—Reasons for Change in the 75-Year Actuarial Balance Under Intermediate Assumptions
[As a percentage of taxable payroll]

Item	OASI	DI	OASDI
Shown in last year's report:			
Income rate	11.95	1.93	13.88
Cost rate	13.63	2.27	15.90
Actuarial balance	**-1.68**	**-.33**	**-2.02**
Changes in actuarial balance due to changes in:			
Legislation / Regulation	.00	.00	.00
Valuation period [1]	-.05	-.01	-.06
Demographic data and assumptions	-.03	.00	-.03
Economic data and assumptions	+.01	+.01	+.02
Disability data and assumptions	-.02	+.08	+.06
Programmatic data and methods	+.09	-.01	+.08
Total change in actuarial balance	-.01	+.07	+.06
Shown in this report:			
Actuarial balance	**-1.69**	**-.27**	**-1.95**
Income rate	11.99	1.93	13.92
Cost rate	13.68	2.19	15.87

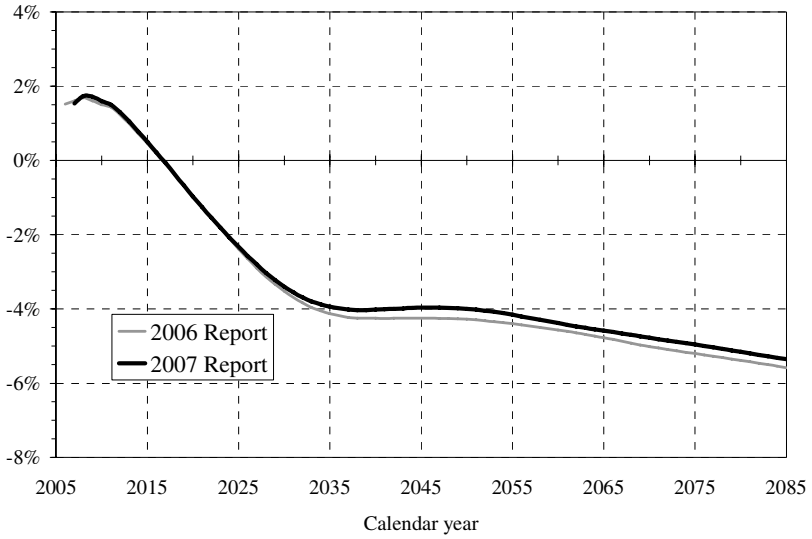
[1] In changing from the valuation period of last year's report, which was 2006-80, to the valuation period of this report, 2007-81, the relatively large negative annual balance for 2081 is included. This results in a larger long-range actuarial deficit. The fund balance at the end of 2006, i.e., at the beginning of the projection period, is included in the 75-year actuarial balance.

Note: Totals do not necessarily equal the sums of rounded components.

The open group unfunded obligation over the 75-year projection period has increased from $4.6 trillion (present discounted value as of January 1, 2006) to $4.7 trillion (present discounted value as of January 1, 2007). The measured increase in the unfunded obligation would be expected to be about $0.3 trillion due to advancing the valuation date by 1 year and including the additional year 2081. Changes in methods and assumptions offset most of this expected increase.

Figure II.D6 shows that this year's projections of annual balances are generally higher than those in last year's report principally because of the changes in methods and assumptions. Annual balances are similar between the two reports through about 2030. Thereafter, annual balances are somewhat higher for the rest of the long-range projection period. Section IV.B.7 on page 65 provides a detailed presentation of these changes.

Figure II.D6.—OASDI Annual Balances: 2006 and 2007 Trustees Reports
[As a percentage of taxable payroll under the intermediate assumptions]

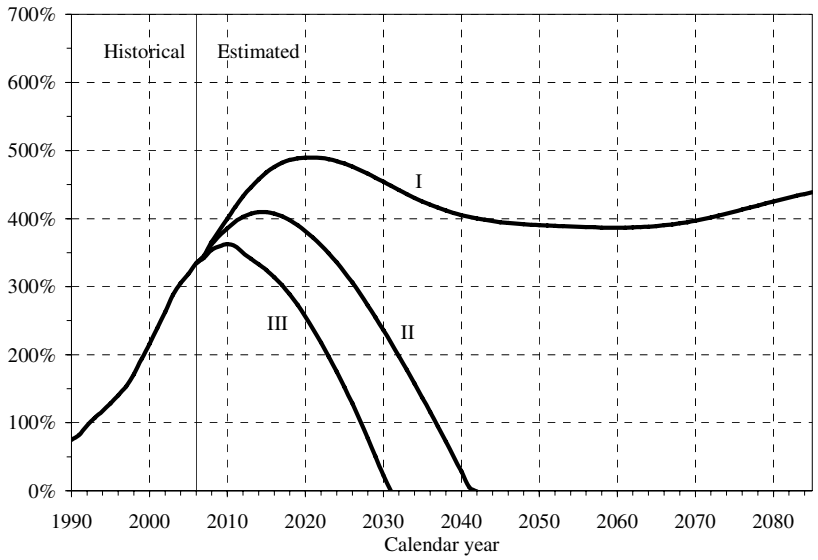


Uncertainty of the Projections

Significant uncertainty surrounds the intermediate assumptions. The Trustees have traditionally used low cost (alternative I) and high cost (alternative III) assumptions as an indication of this uncertainty. Figure II.D7 shows the projected trust fund ratios for the combined OASI and DI Trust Funds under the intermediate, low cost, and high cost assumptions. The low cost alternative is characterized by assumptions that improve the financial condition of the trust funds, including a higher fertility rate, slower improvement in mortality, a

higher real-wage differential, and lower unemployment. The high cost alternative, in contrast, features a lower fertility rate, more rapid declines in mortality, a lower real-wage differential, and higher unemployment. While it is extremely unlikely that all of these parameters would move in the same direction over the 75-year period relative to the intermediate projections, there is a not-insignificant—though quite low—probability that the actual outcome for future costs could be as extreme as either of the outcomes portrayed by the low and high cost projections. The method for constructing these high and low cost projections does not allow for the assignment of a specific probability to the likelihood that actual experience will lie within or outside the range they entail. However, an alternative approach to illustrating the uncertainty inherent in such long-term projections discussed in Appendix E suggests that the low and high cost projections bound a range that encompasses something on the order of 95 percent of possible future financial outcomes. Given there is an equal probability that the actual outcome will be either more or less favorable than that portrayed by the intermediate cost projection, this implies that there is something on the order of only a 2.5 percent probability that it will be as favorable as that portrayed by the low cost projection or as unfavorable as that portrayed by the high cost projection.

Figure II.D7.—Long-Range OASDI Trust Fund Ratios Under Alternative Assumptions
[Assets as a percentage of annual cost]



E. CONCLUSION

Under current law the cost of Social Security will soon begin to increase faster than the program's income, because of the aging of the baby-boom generation, expected continuing low fertility, and increasing life expectancy. Based on the Trustees' best estimate, program cost will exceed tax revenues starting in 2017 and throughout the remainder of the 75-year projection period. Social Security's combined trust funds are projected to allow full payment of scheduled benefits until they become exhausted in 2041. At that time annual tax income to the trust funds is projected to equal about 75 percent of program costs. Separately, the OASI and DI funds are projected to have sufficient funds to pay full benefits on time until 2042 and 2026, respectively. By 2081, annual tax income is projected to be about 70 percent as large as the annual cost of the OASDI program.

Over the full 75-year projection period the actuarial deficit estimated for the combined trust funds is 1.95 percent of taxable payroll—somewhat smaller than the 2.02 percent deficit projected in last year's report. This deficit indicates that financial adequacy of the program for the next 75 years could be restored if increases were made equivalent to increasing the Social Security payroll tax immediately and permanently from its current level of 12.4 percent (for employees and employers combined) to 14.35 percent. Alternatively, changes could be made equivalent to reducing all current and future benefits by about 13 percent. Other ways of reducing the deficit include making transfers from general revenues or adopting some combination of approaches.

If no action were taken until the combined trust funds become exhausted in 2041, then the effects of changes would be more concentrated on fewer years:

- For example, payroll taxes could be raised to finance scheduled benefits fully in every year starting in 2041. In this case, the payroll tax would be increased to 16.41 percent at the point of trust fund exhaustion in 2041 and continue rising to 17.60 percent in 2081.
- Similarly, benefits could be reduced to the level that is payable with scheduled tax rates in each year beginning in 2041. Under this scenario, benefits would be reduced 25 percent at the point of trust fund exhaustion in 2041, with reductions reaching 30 percent in 2081.

Either of these examples would eliminate the shortfall for the 75-year period as a whole by specifically eliminating annual deficits after trust fund exhaustion. Because of the increasing average age of the population (due to

expected improvement in life expectancy and continued low birth rates), Social Security's annual cost will very likely continue to grow faster than scheduled tax revenues after 2081. As a result, ensuring solvency of the system beyond 2081 would likely require further changes beyond those expected to be needed for 2081.

The projected trust fund deficits should be addressed in a timely way to allow for a gradual phasing in of the necessary changes and to provide advance notice to workers. Making adjustments sooner will allow them to be spread over more generations. Social Security plays a critical role in the lives of this year's 50 million beneficiaries, and 163 million covered workers and their families. With informed discussion, creative thinking, and timely legislative action, we will work with Congress and others to ensure that Social Security continues to protect future generations.

For further information related to the contents of this report, see the following websites.

- www.socialsecurity.gov/OACT/TR/TR07/index.html
- www.cms.hhs.gov/ReportsTrustFunds/
- www.treas.gov/offices/economic-policy/social_security.html

Expenditures of the Aged

by Kimberly Burham

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Summary and Overview

Policymakers and researchers are concerned about the adequacy of economic resources of the aged. Income tells part of the story with regard to adequacy, but it is also useful to seek out other measures of standards of living, such as expenditures. To improve the availability of statistics on expenditures of the aged, the Social Security Administration produced the *Expenditures of the Aged Chartbook*. The chartbook is based on data from the 2002 Consumer Expenditure Survey Public-Use File, sponsored by the Bureau of Labor Statistics. Both total expenditures and components of expenditures are examined to give policymakers and researchers a more comprehensive understanding of the expenditures of the aged. This article includes a short overview of existing research on the expenditures of the aged and examples of charts from the chartbook. The contents of the chartbook are displayed in Box 1. The chartbook is available on the Office of Policy Web site at http://www.socialsecurity.gov/policy.

Research on Expenditures of the Aged

The drop in expenditures after retirement is well documented. Hamermesh (1984) finds that preretirement expenditures are larger than expected income in retirement. Bernheim, Skinner, and Weinberg (1997) show that when workers retire, expenditures fall by 12 percent. Ameriks, Caplin, and Leahy (2002) and Hurd and Rohwedder (2003) find that retired households spend about 20 percent less than households in the years shortly before retirement.

Although expenditures are lower in retirement, it does not necessarily follow that standards of living and well-being are lower as well. It is possible that retirees expect to spend less and that well-being is maintained because they have more time to produce goods at home. Retirees may substitute housework, shopping, cooking, and home improvements for goods they would otherwise purchase at the store. In addition, retirees do not experience costs associated with working such as commuting.

Researchers have found evidence to support the theory that well-being for individuals in retirement is maintained at a lower expenditure level than it is for those active in the labor force. Ameriks, Caplin, and Leahy (2002) find that people expect expenditures in retirement to be lower by the same 10 percent to 20 percent difference that actual retirees experience. Hurd and Rohwedder (2003) show that retired men spend about 9 more hours a week on home production than they did while working. In addition, they find that workers expect retirement expenditures to be 20 percent lower, while retirees say their expenditures are from 12 percent to 17 percent lower than when they were working.

Box 1.

About This Chartbook

Expenditures of Consumer Units Aged 65 or older

Expenditures of Consumer Units, by Age

Housing Expenditures and Housing Tenure, by Age

Food Expenditures, by Age

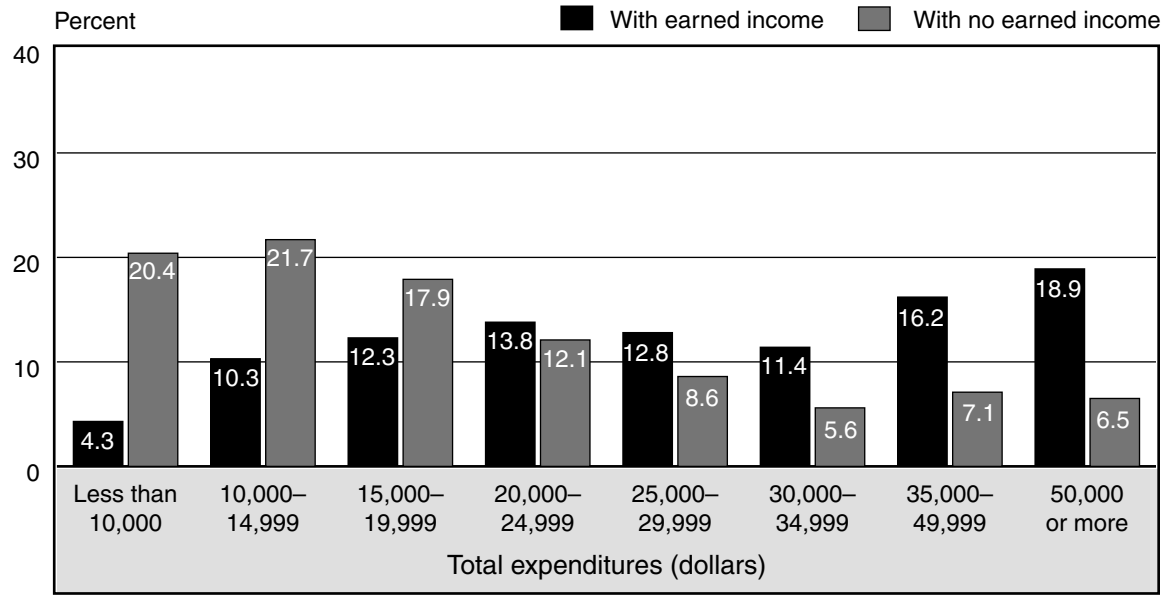
Out-of-Pocket Health Care Expenditures, by Age

Transportation Expenditures, by Age

Other Expenditures, by Age

Travel Expenditures, by Age

Chart 1.
Distribution of expenditures, by earned income status



SOURCE: Interview portion of the 2002 Consumer Expenditure Survey.

Data on Expenditures of the Aged

The chartbook is based on data from the 2002 Consumer Expenditure Survey Public-Use File. With records on 600 types of expenditures, the survey provides comprehensive data on the buying habits of consumers in the United States. The sample is representative of the total noninstitutionalized population in the United States. The Consumer Expenditure Survey program consists of two separate survey components, each with its own questionnaire and independent sample. The **interview survey** collects data on monthly expenditures; the **diary survey** collects weekly expenditures of frequently purchased items.

Expenditures in the survey are measured for the consumer unit (CU). The interview survey has an unweighted sample of 2,698 consumer units aged 55 or older, which are weighted to represent 37.7 million. A consumer unit can be members of a household who are legally related, a single person, or two or more people living together and sharing expenses. A CU's reference person is the CU member who primarily owns or rents the home. The characteristics of a CU, such as age, refer to those of the reference person. The average size of CUs, by age of the reference person, was 2.2 for CUs aged 55–64, 1.9 for those aged 65–74, and 1.5 for CUs aged 75 or older.

Expenditures of Consumer Units Aged 65 or Older

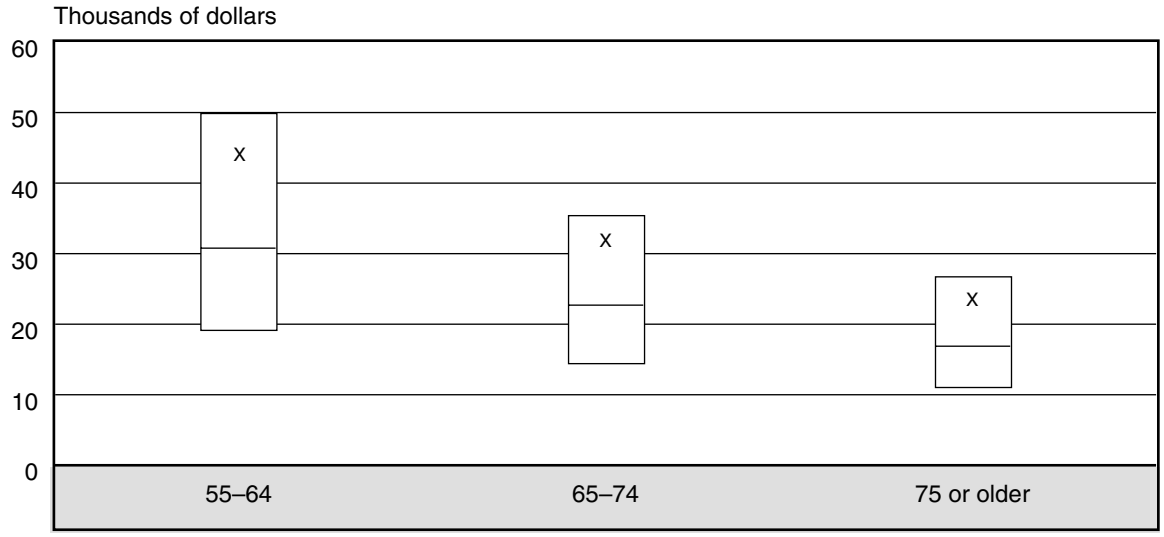
One section of the chartbook focuses on expenditures of consumer units aged 65 or older. Median expenditures for this age group were $19,476; mean expenditures, which were influenced by high-spending outliers, were $27, 902.

Charts in this section also look at per capita expenditures, shares of expenditures allocated to various components of spending, and distributions of expenditures by income quartile and earned income status. Chart 1, for example, shows the distribution of expenditures by earned income status. Almost three-fourths of CUs aged 65 or older had no earned income, which is defined as income from wages and salaries or from self-employment. Expenditures were different for CUs with earned income than for those with no earned income (Chart 1). Median expenditures for CUs aged 65 or older with no earned income were $17,012, compared with $28,469 for those with earned income.

Expenditures of Consumer Units, by Age

The *Expenditures of the Aged Chartbook* also contains many charts that compare expenditures for three age groups; the near aged (55–64) are compared with

Chart 2.
Total expenditures, by age



Age group	25th percentile	Median	75th percentile	Mean
55–64	18,881	30,584	50,005	44,037
65–74	14,358	22,636	35,324	32,003
75 or older	11,016	16,878	26,356	23,597
65 or older	12,516	19,476	30,916	27,902

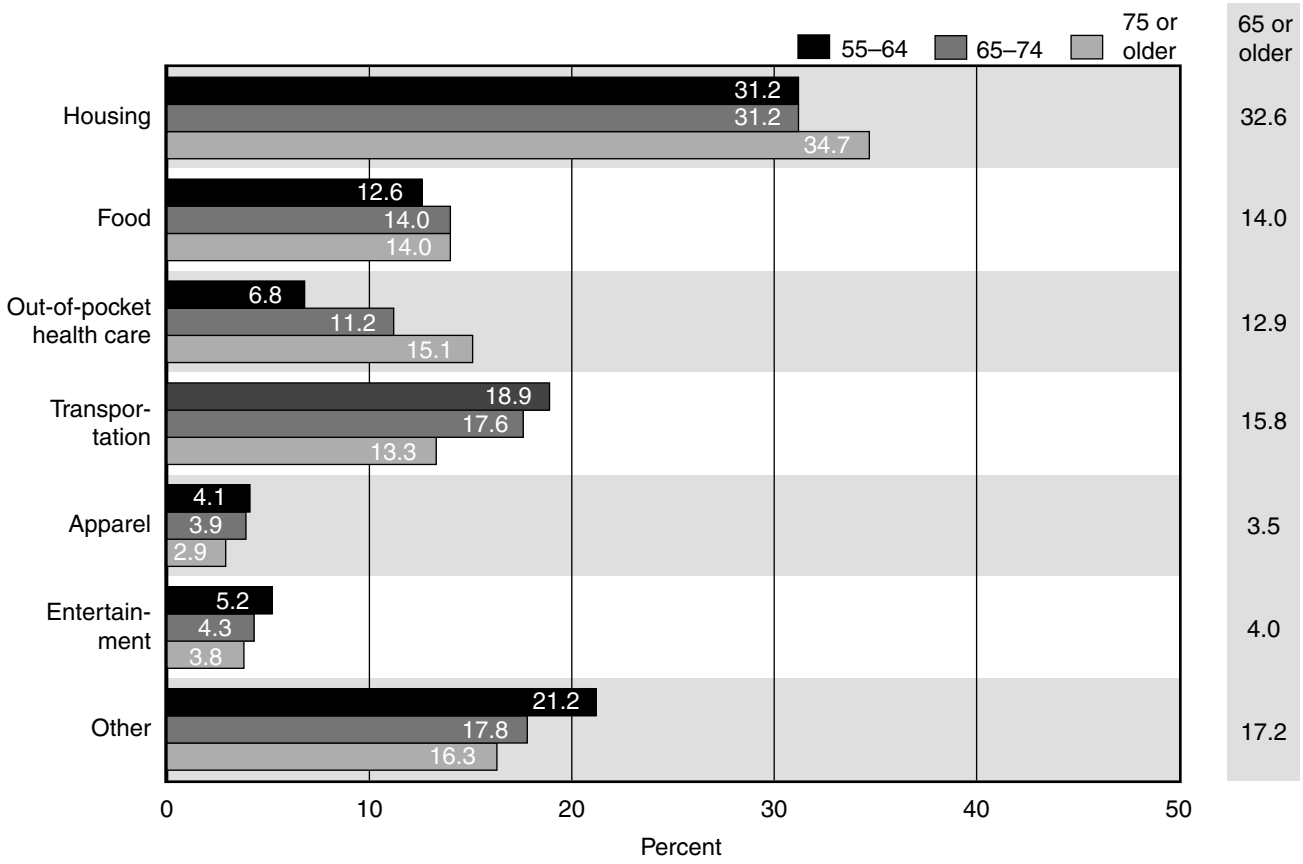
SOURCE: Expenditure percentiles are computed using the interview portion of the 2002 Consumer Expenditure Survey; means are computed using the interview and diary portions.

those aged 65–74 and 75 or older. Charts that present data by age group also show comparable data for those aged 65 or older as a whole; those data are given in either a table or a shaded bar that accompanies the charts.

Charts that consist of box plots show more of the underlying distribution of expenditures than do means or medians alone. The upper and lower edges of the box plots denote the 75th percentile and 25th percentile, respectively; the middle 50 percent of the data is a measure of variability. Chart 2 and the accompanying table, for example, show that total expenditures are lower for older age groups than for younger age groups. Median expenditures were 80 percent higher for CUs aged 55–64 ($30,584) than for those aged 75 or older ($16,878). Chart 2 also shows total expenditures by income quartile. The middle 50 percent of CUs aged 55–64 had expenditures between $18,881 and $50,005. The middle 50 percent of CUs aged 75 or older had expenditures between $11,016 and $26,356.

Examining expenditure amounts is useful, but it is also important to understand the components of expenditures: housing; food; out-of-pocket health care; transportation; apparel; entertainment; other expenditures; and travel expenditures, which reflect elements of spending for housing, food, transportation, and entertainment on out-of-town trips. Chart 3, for example, which presents the mean share of expenditures allocated to spending components, shows that housing accounted for the largest share of expenditures for all age groups.

Chart 3.
Mean percentage allocated to components of expenditures, by age



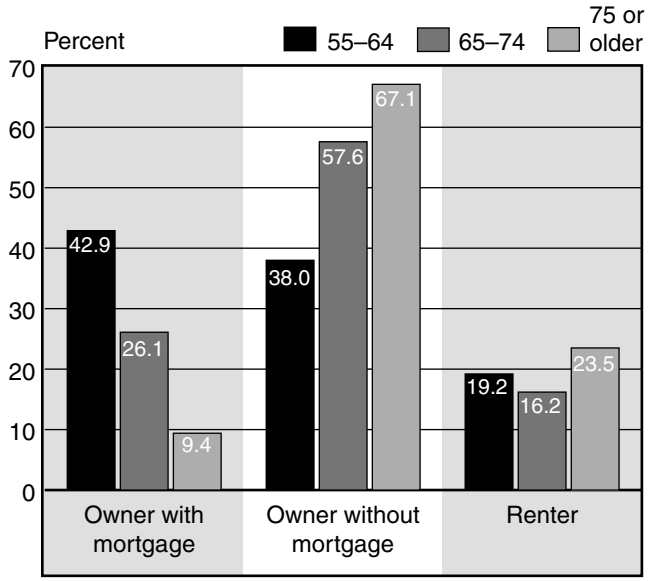
SOURCE: Interview and diary portions of the 2002 Consumer Expenditure Survey.

The mean share of expenditures allocated to some components of spending was similar across age groups. Housing accounted for 31 percent to 35 percent of expenditures, and food accounted for 13 percent to 14 percent. Apparel and entertainment represented a smaller percentage of spending, ranging from 3 percent to 5 percent of expenditures.

The share of spending on other components varied by age group. CUs aged 75 or older allocated 15 percent of expenditures to out-of-pocket health care compared with 7 percent for those aged 55–64. Compared with CUs aged 55–64, those aged 75 or older allocated 32 percent less of their expenditures to transportation (13 percent compared with 19 percent) and 24 percent less to other expenditures (16 percent compared with 21 percent); the category of other expenditures includes alcohol, personal care, reading material, education, tobacco, miscellaneous items, cash contributions to persons or organizations outside the consumer unit, personal insurance, pension contributions, and Social Security payroll taxes.

Additional charts focus on a specific component of expenditures. The underlying distributions of spending for components are displayed in charts using box plots. In addition, each of those components has a chart that shows an aspect specific to that component. Chart 4 and Chart 5, for example, show component-specific expenditures related to housing: housing tenure (the family's principal place of residence during the survey); and the share of expenditures allocated to housing, by housing tenure and age. About 80 percent of consumer units in all age groups owned a home, and

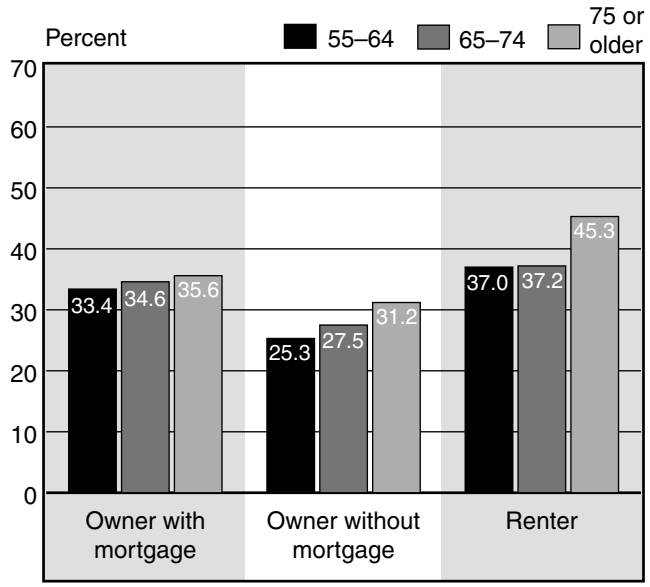
Chart 4.
Distribution of consumer units, by housing tenure and age



65 or older	17.9	62.3	19.8

SOURCE: Interview portion of the 2002 Consumer Expenditure Survey.

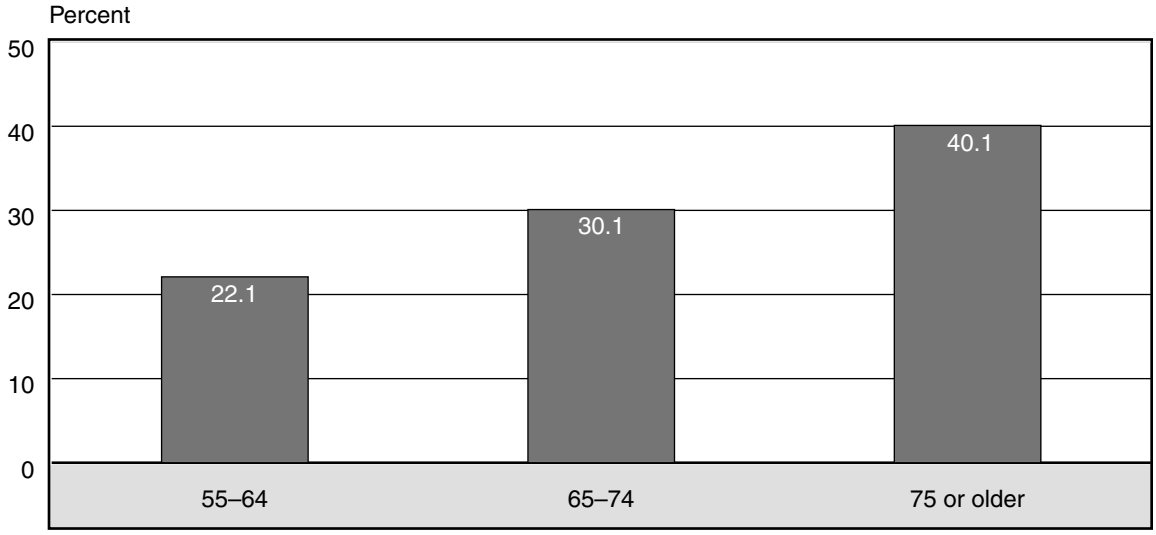
Chart 5.
Mean percentage allocated to housing expenditures, by housing tenure and age



65 or older	34.8	29.3	41.6

SOURCE: Interview and diary portions of the 2002 Consumer Expenditure Survey.

Chart 6.
Share of consumer units spending 95 percent or more of their food expenditures on food prepared and eaten at home, by age



65 or older	35.0 percent spent 95 percent or more of their food expenditures on food at home

SOURCE: Interview portion of the 2002 Consumer Expenditure Survey.

most CUs aged 65–74 and 75 or older owned a home without a mortgage (Chart 4). Homeowners aged 55–64 were about as likely to have a mortgage as to not have a mortgage (about 40 percent each). Homeowners aged 65–74 were twice as likely not to have a mortgage (58 percent compared with 26 percent), and homeowners aged 75 or older were approximately seven times more likely not to have a mortgage (67 percent compared with 9 percent). The mean percentage of total expenditures allocated to housing (Chart 5) was lowest for homeowners without a mortgage (25 percent to 31 percent) and highest for CUs who rent (37 percent to 45 percent).

Chart 6 is another example of a component-specific chart. It shows the percentage of consumer units, by age group, that allocated 95 percent or more of their food expenditures to food prepared and eaten at home. Older age groups allocated a larger share of food expenditures to this category than did younger age groups. CUs aged 75 or older were about twice as likely to allocate 95 percent or more of their food expenditures to food prepared and eaten at home than were CUs aged 55–64 (40 percent compared with 22 percent). The average percentage of food expenditures allocated to food prepared and eaten at home (not shown in Chart 6) was 56 percent for CUs aged 55–64, 64 percent for CUs aged 65–74, and 67 percent for CUs aged 75 or older.

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Homeless People Whose Self-Reported SSI/DI Status Is Inconsistent with Social Security Administration Records

by Marc I. Rosen, Thomas J. McMahon, and Robert A. Rosenheck

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Summary

Clinicians routinely ask people with disabling psychiatric illnesses whether they receive Supplemental Security Income (SSI) or Social Security Disability Insurance (DI) benefits. We looked at self-reported receipt of SSI or DI by 7,220 homeless people with mental illness and compared those self-reports with information in Social Security Administration (SSA) databases. Overall agreement between the two sources was only fair (kappa = 0.60), and 41.3 percent (934/2,257) of clients reporting receipt of SSI or DI were not in SSA's databases. In multivariate analyses, people reporting receipt of SSI or DI that is unconfirmed by SSA administrative records had disproportionately more severe psychotic and medical illnesses than confirmed nonrecipients. Among recipients identified by SSA, those who did not report receiving SSI or DI were more likely to claim, apparently incorrectly, that they instead received Social Security *retirement* benefits. Clinicians should verify basic demographic information provided by clients, especially those who are psychotic or medically ill, because that information is often inaccurate.

Introduction

People disabled by psychiatric illness depend on Supplemental Security Income (SSI) and Social Security Disability Insurance (DI) benefits to meet their basic needs. Disability payments provide critical financial support in preventing homelessness among the indigent (Sosin and Grossman 1991) and contribute to improved outcomes when homeless mentally ill people receive treatment (Rosenheck, Frisman, and Gallup 1995). Clinicians routinely ask indigent new clients if they receive SSI or DI, and this information is incorporated into treatment planning.

Given the importance of disability payments to people disabled by psychiatric illnesses, it is ironic that no prior studies have been done on the validity of self-reported SSI/DI status among the mentally ill. Some studies have described the low reliability (Jenkins and others 2005) and accuracy (Pedace and Bates 2001; Card, Hildreth, and Shore-Sheppard 2004; Jackle and others 2004) of self-reported income among poor people, but there are no studies to inform clinicians by describing specific psychiatric and medical characteristics of

people whose self-reported SSI/DI status is inaccurate. The underreporting of symptoms and the inconsistency of information provided are considerable when people with substance abuse (Stephens 1972; Rounsaville and others 1981) or psychiatric disorders (Strauss, Carpenter, and Nasrallah 1978) are asked to describe their psychiatric history and symptoms. However, there is little data concerning whether homeless people with mental illness inaccurately report basic demographic information and, specifically, whether they accurately report receipt of SSI and DI.

There are several potential explanations for why clients might report SSI/DI receipt inaccurately. The misreporting of SSI/DI benefits may reflect neuropsychological deficits. Inaccurate self-reports might track related constructs like the degree of knowledge about one's medical care, which is lower in people with cognitive deficits and reading difficulties (Baker and others 1995; Kalichman and others 2000; Baker and others 2002). Another possibility is that inaccurate self-reported income is influenced by subtle social pressures to underestimate income. Evidence for the underreporting of income by poor people is that families reporting low income in the Labor Department's Consumer Expenditure Survey reported much higher expenditures, and low income and high expenses are difficult to reconcile (Jencks 1997).

The first goal of this study, conducted in 2004, was to document the degree of agreement between a client's self-report that he or she received SSI or DI benefits and SSA administrative records of whether the person was receiving benefits. We then characterized those clients whose self-reported SSI/DI status was not consistent with SSA administrative records using comprehensive clinical data, self-reported SSI/DI status, and SSA administrative data from participants in a large study of individuals who were homeless and mentally ill. This study first determined what demographic and clinical factors were associated with self-reports of SSI/DI receipt and not being in the SSA database; it then identified what factors were associated with reporting *not* receiving benefits but having SSA records that indicate otherwise.

Methods

Participants and Sampling

Participants were enrolled in the ACCESS (Access to Community Care and Effective Services and Supports) demonstration study, a study of service delivery strategies for homeless people with mental illness (Randolph and others 2002). In ACCESS, agencies in 18 cities offered Assertive Community Treatment (Stein and Test 1980) to 100 participants per year for 4 years. Participants were eligible if they were homeless, had a severe mental illness, and were not engaged in psychiatric treatment at the time of enrollment. Eligible participants were identified and offered case management services. After providing informed consent, a comprehensive set of assessments was completed.

Data Collection

Research assistants using structured interviews collected data. Basic demographic data included age, sex, children in residence, race and ethnicity, years of education, longest full-time job, and veteran status. Homelessness was characterized by age at the first episode of homelessness, number of times homeless, lifetime number of years homeless, and years living in the current city of residence. Legal status questions included questions about having ever been convicted or incarcerated. History of arrests (McClellan and others 1980) and victimization (Lehman 1988) within the last 60 days were also documented. Self-reported data concerning the presence or absence of 17 medical disorders and whether the client was taking prescribed medication were also recorded. Other self-reported symptoms quantified social support (Vaux and Athanassopulou 1987; Lam and Rosenheck 1999), service utilization (Rosenheck and others 2002), a history of conduct disorder (Helzer 1981), and stability of family of origin (Kadushin, Boulanger, and Martin 1981). Participants reported the number of days in the last 60 that they had been housed and the number of days in the last 30 that they had been employed. Overall quality of life was also assessed by the question "Overall, how do you feel about your life right now?" on a scale ranging from 1 (terrible) to 7 (delighted) (Lehman 1988).

Psychiatric diagnoses were those of the admitting clinicians on the case management teams. Psychiatric measures were derived from the Addiction Severity Index (ASI) psychiatric composite problem index, a depression scale derived from the Diagnostic Interview Schedule (Robins, Helzer, and Croughan 1981), and a psychotic symptoms scale derived from the Psychiatric Epidemiology Research Interview (Dohrenwend 1982). Depression was quantified as the number of symptoms of depression out of 5 endorsed by the client, and interviewer ratings of psychosis were derived from 13 items ranked on a 0–4 Likert scale.

Substance abuse was assessed by questions drawn from the Addiction Severity Index (McClellan and others 1980), and a referring clinician rated the patient's substance use on 5-point clinical rating scales anchored by 1 (abstinence) and 5 (severe dependence) (Mueser and others 1995).

Service utilization was measured by questions concerning receipt of six types of services: assistance from a public housing agency, mental health services, general health care, substance abuse services, public income support, and vocational rehabilitation. The number of services received was calculated. Finally, the research assistant rated the reliability of the participant's data on a 5-point scale.

Income Data

Participants were asked to record how much income they had received during the past month from a list of possible sources. Participants were also asked to record earnings for the current month, even if the money had not yet been received. The sources listed included earned income, Social Security retirement benefits, Supplemental Security Income, Social Security Disability Insurance, social welfare benefits from state or county governments such as general welfare and Aid to Families with Dependent Children (AFDC), and nine other potential sources of income. Participants were asked if there was anyone who "handles your money for you (like a payee or guardian)" and, if so, whether the client's checks were mailed directly to this person.

SSA's Office of Research, Evaluation, and Statistics provided client-level data on beneficiary status by cross-matching Social Security numbers of ACCESS participants with those in SSA's Master Beneficiary Record and Payment History Update System, which record payments from the DI program, and the Supplemental Security Record, which records payments from the SSI program. SSA provided data only when its files contained a corresponding Social Security number verified by date of birth. SSA's algorithm for determining whether there is a cross-match—the Enumeration Verification System—did not require the supplied dates of birth to exactly match those in SSA's databases. A Social Security number match was verified when the years of birth agreed or when the months agreed and the years differed by one year.

Data Analysis

The purpose of the study was to determine whether participants could distinguish SSI from DI from other sources of income. We were not concerned with whether participants could distinguish SSI from DI, so receipt of SSI or DI was considered a single measure (SSI/DI). Kappa was calculated to characterize the overall agreement between self-reported and SSA verification of receipt of SSI/DI. The kappa statistic describes the agreement between two dichotomous variables with a range of zero (no agreement) to 1 (perfect agreement). Then, two similar analyses were conducted. The first analysis determined demographic and clinical factors that differentiated people who reported receiving SSI/DI but were not in the SSA database from those who did not report receiving SSI/DI and were also not in the SSA database. Chi-square and t-test comparisons between the two groups were conducted on a broad range of measures. Measures that differentiated the two groups at $p<.05$ were entered into a logistic regression, and backward elimination was used to identify the most salient correlates at $p<.01$. A similar approach was employed to compare two other groups: those reporting that they did not receive SSI/DI but in fact were in the SSA databases as receiving benefits and those who reported receiving SSI/DI and were confirmed by SSA records.

Results

Sampling and Overall Agreement Between Self-Report and SSA Databases

Altogether, 16 percent of participants ([934 + 193]/7,220) reported SSI/DI status that was not verified by the SSA database (Table 1). The majority of the discordant reports were from participants who reported having received SSI/DI but were not in the SSA database (13 percent of the total sample) and 3 percent

Table 1.
Agreement on SSI/DI receipt between self-reports and SSA records

Receipt of SSI/DI benefits verified by SSA records?	Self-reported receipt of SSI/DI benefits?	
	No	Yes
No	4,770	934
Yes	193	1,323

SOURCE: Self-report data were collected in the ACCESS demonstration and were cross-matched with the Social Security Administration's Master Beneficiary Record, Payment History Update System, and the Supplemental Security Record.

NOTES: The data include 7,220 observations.

Kappa = 0.60

who reported not having received SSI/DI but in fact were in the SSA database. Kappa was 0.60, indicating moderate agreement between self-reports and SSA records (Cicchetti and Sparrow 1981).

Sample Characteristics by Self-Reported and SSA-Verified SSI/DI Status

The sample characteristics shown in Table 2 indicate, as expected, relatively long durations of homelessness and high rates of psychiatric comorbidity and substance abuse. All the measures in Table 2, within the groups of those who had and had not received SSI or DI according to SSA, significantly differentiated the participant group whose self-report was concordant with SSA from participants whose self-report was discordant with SSA's administrative records.

Comparison Among Clients not Receiving SSI/DI According to SSA: Participants Self-reporting Receipt of SSI/DI versus Those not Self-reporting Receipt. In multivariate analyses, the measures that significantly ($p<.01$) distinguished the 934 individuals reporting receipt of SSI/DI (without SSA verification) from the 4,770 not reporting receipt (in concordance with SSA records) are listed in Table 3. The 934 participants with unverified reports of receiving SSI/DI were more impaired in several realms. They had disproportionately less education and employment and were disproportionately more likely to have been diagnosed with schizophrenia, human immunodeficiency virus (HIV), and seizure disorders.

Not all functional indices were worse among those with unverified claims. Within this population of homeless people, those who had unverified claims were likely to have used alcohol and cocaine for fewer years and to have been incarcerated for fewer days in the preceding 60 than were those who did not claim receipt of SSI/DI. Self-reported depressive symptoms and a diagnosis of major depression were associated with a lower likelihood of making an unconfirmed claim of receiving SSI/DI.

Benefit status differed between the two groups. Participants with unverified claims of receiving SSI/DI were more likely to report having a payee than were those who did not claim benefit receipt. Those with unverified claims also had received fewer benefits overall.

Comparison Among Clients Receiving SSI/DI According to SSA: Participants not Self-reporting Receipt of SSI/DI versus Those Self-reporting Receipt. Participants who did not report receiving SSI/DI in contradiction to SSA's records that they actually had received benefits were more likely to have reported receipt of Social Security retirement benefits and other social welfare benefits (Table 4). In a post hoc analysis, we considered the possibility that clients who thought they received Social Security retirement benefits were disproportionately aged 62 or older, and they were. Altogether, 17.4 percent (34/195) of participants who inaccurately reported nonreceipt of SSI/DI were aged 62 or older, but only 3 percent (39/1,322) of those with concordant reports of receiving SSI/DI were aged 62 or older (chi-square 77.8, $p<.0001$).

Discussion

Fully 41 percent (934/2,257) of clients who reported receiving SSI/DI benefits did not receive them according to SSA. Clients whose report of receiving SSI/DI was unconfirmed were more likely to have conditions associated with neurocognitive impairment: they were disproportionately psychotic, HIV-positive, diagnosed with a seizure disorder, and occupationally impaired. Clients who misreported basic demographic information may also not have understood the benefits they receive, the question asked, or how to translate their knowledge into a correct response. The clients whose report of receiving SSI/DI was not confirmed used cocaine and alcohol for disproportionately fewer years, but this finding is not inconsistent with a cognitive explanation for anomalous self-reports—some studies indicate that within populations of people with mental illness, those who use drugs may actually be higher functioning (Ries and others 2000).

Cognitive problems also may have been a factor when participants who had received SSI/DI according to SSA did not report receiving those benefits. These clients appear to have been confused by different types of "social" benefits and apparently indicated receipt of Social Security retirement benefits and social welfare benefits instead of the actual SSI/DI they were receiving.

The overreporting of SSI/DI receipt relative to administrative databases in this homeless, mentally ill population is in contrast to the underreporting of income among poor people generally (Hotz and Scholz 2002). For example, validation of data from the Survey of Income and Program Participation suggested that self-report responses underestimated SSI receipt by as much as 23 percent (Marquis and Moore 1990). The responses of homeless people with mental illness may be affected by neurocognitive difficulties that are less salient in poor people who are not defined by homelessness and mental illness.

Table 2.
Baseline characteristics, by SSI/DI status according to SSA records and self-reports

Characteristic	Mean or percentage (standard deviation) of those **with** SSI/DI according to SSA		Mean or percentage (standard deviation) of those **without** SSI/DI according to SSA	
	Self-report concordant with SSA (n = 1,323)	Self-report discordant with SSA (n = 193)	Self-report concordant with SSA (n = 4,770)	Self-report discordant with SSA (n = 934)
Demographic				
Age (years)	40.4(9.5)	43.6(13.7) ***	37.5(9.4)	40.3(9.2) ***
Sex (male)	67.0%	67.7%	61.9%	56.5% **
African American	51.2%	37.4% ***	44.9%	53.2% ***
Hispanic	3.1%	5.1%	6.3%	3.2% ***
English first language	3.9%	7.2% *	6.5%	4.2% **
Years of education	11.7(2.6)	11.5(3.0)	11.7(2.5)	11.1(2.6) ***
Vocational				
Veteran	22.8%	26.8%	18.7%	13.2% ***
Years at longest full-time job	3.5(4.7)	4.7(7.6) **	3.6(4.7)	2.4(4.4) ***
Days working in last 30	0.9(3.5)	1.2(4.3)	2.4(5.7)	0.7(3.2) ***
Years homeless	3.5(5.3)	3.3(5.9)	3.0(4.8)	3.9(6.0) ***
Days housed in last 60	12.8(18.3)	9.9(16.5) *	11.3(17.1)	12.6(18.0) **
Days incarcerated in last 60	1.3(5.9)	2.6(10.0) **	2.2(8.3)	1.4(6.9) **
Income				
Percentage reporting receipt of—				
Social Security retirement income	3.7%	29.2% ***	0.6%	1.0%
Food stamps	35.2%	22.1% ***	48.9%	41.7% ***
Other social welfare benefit	4.5%	9.2% **	23.7%	7.6% ***
Number of types of benefits received	0.5(0.6)	0.7(0.7) ***	0.8(0.8)	0.6(0.7) ***
Percentage reporting someone else receives and manages check	29.3%	21.2% *	4.4%	27.6% ***
Psychiatric				
Schizophrenia	51.5%	52.8%	27.9%	53.9% ***
Bipolar	22.1%	19.5%	20.4%	17.2% *
Major depression	33.9%	31.8%	56.7%	32.6% ***
Lifetime psychiatric hospitalizations	8.5(12.3)	6.4(12.2) **	3.0(6.2)	7.8(11.4) ***
Observer-rated psychosis	11.6(7.9)%	12.3(8.8)%	10.0(7.8)%	12.8(8.3)% ***
Depression symptoms (number out of 5)	2.7(2.1)	2.5(2.1)	3.5(1.9)	2.7(2.1) ***
Substance use				
Clinician-rated alcohol use	2.2(1.3)	2.0(1.2) *	2.2(1.3)	2.2(1.3)
Clinician-rated drug use	2.1(1.4)	1.8(1.2) **	2.0(1.3)	1.9(1.3)
Years of alcohol use	5.7(8.7)	4.9(9.0)	5.9(8.4)	4.6(7.8) ***
Years of cannabis use	5.9(8.6)	4.0(8.0) **	6.0(8.2)	5.3(8.4) *
Years of cocaine use	1.8(4.5)	1.2(3.8)	2.0(4.5)	1.3(3.7) ***

Continued

Table 2.
Continued

Characteristic	Mean or percentage (standard deviation) of those **with** SSI/DI according to SSA		Mean or percentage (standard deviation) of those **without** SSI/DI according to SSA	
	Self-report concordant with SSA (n = 1,323)	Self-report discordant with SSA (n = 193)	Self-report concordant with SSA (n = 4,770)	Self-report discordant with SSA (n = 934)
Medical				
HIV seropositive	4.8%	3.1%	2.5%	5.2% ***
Percentage disagnosed with seizure disorder	10.1%	10.3%	7.2%	11.6% ***
Baseline treatment in last 60 days				
Percentage receiving psychiatric Rx	70.8%	60.8% **	62.4%	71.4% ***
Percentage receiving substance abuse Rx	30.3%	23.6%	33.8%	28.5% **
Number of services accessed	2.4(1.0)	1.6(1.1) ***	1.6(1.1)	2.3(0.9) ***

SOURCE: Self-report data were collected in the ACCESS demonstration and were cross-matched with the Social Security Administration's Master Beneficiary Record, Payment History Update System, and the Supplemental Security Record.

* Significant difference from corresponding SSA concordant group at p<.05.

** Significant difference from corresponding SSA concordant group at p<.01.

*** Significant difference from corresponding SSA concordant group at p<.001.

Table 3.
Logistic regression analysis of group who reported receiving SSI/DI among the sample of those without benefits per SSA records

Measure	Odds ratio	99 percent confidence limits
Demographic, vocational, and housing		
Age	1.05	1.03–1.06 ***
English first language	0.55	0.32–0.96 *
Years of education	0.92	0.88–0.97 ***
Veteran	0.6	0.42–0.84 ***
Years at longest full-time job	0.91	0.88–0.94 ***
Days working in last 30	1.01	1.01–1.02 ***
Days housed in last 60	0.92	0.89–0.95 ***
Days incarcerated in last 60	0.98	0.96–0.99 **
Psychiatric		
Schizophrenia	1.54	1.19–2.01 ***
Major depression	0.66	0.51–0.86 ***
Number of psychiatric hospitalizations	1.05	1.04–1.07 ***
Observer-rated psychosis	1.03	1.02–1.05 ***
Depression symptoms (number out of 5)	0.88	0.83–0.94 ***
Substance Use		
Years of alcohol use	0.98	0.96–0.99 ***
Years of cocaine use	0.96	0.93–1.0 *
Medical		
HIV status	1.85	1.02– 3.34 *
Seizure	1.58	1.06–2.36 *
Other		
Other social welfare benefit (yes or no)	0.12	0.07–0.20 ***
Number of types of benefits received	0.77	0.62–0.96 *
Self-report that someone else receives and manages check	7.3	5.2–10.3 ***
Number of services accessed in last 60 days	2.62	2.32–2.96 ***

SOURCE: Self-report data were collected in the ACCESS demonstration and were cross-matched with the Social Security Administration's Master Beneficiary Record, Payment History Update System, and the Supplemental Security Record.

NOTES: Total sample size is 5,407; 934 reported receiving SSI/DI but were shown as not receiving benefits in the Social Security Administration's records.

Somers' D = 0.91.

* Significant difference from group who reported receiving SSI/DI at p<.01 by pairwise comparison.

** Significant difference from group who reported receiving SSI/DI at p<.001 by pairwise comparison.

*** Significant difference from group who reported receiving SSI/DI at p<.0001 by pairwise comparison.

Table 4.
Logistic regression analysis of group who denied receiving SSI/DI among the sample of those with benefits per SSA records

Measure	Odds ratio	99 percent confidence limits
Days incarcerated in last 60	1.03	1.00–1.06 *
Clinician-rated alcohol use	0.82	0.68–1.0 *
Social Security retirement income	17.45	9.10–33.43 ***
Food stamps	0.53	0.30–0.91 *
Other social welfare benefit (yes or no)	5.54	2.31–13.29 ***
Number of services accessed in last 60 days	0.34	0.26–0.45 ***

SOURCE: Self-report data were collected in the ACCESS demonstration and were cross-matched with the Social Security Administration's Master Beneficiary Record, Payment History Update System, and the Supplemental Security Record.

NOTES: Total sample size is 1,516; 193 reported not receiving SSI/DI but were shown as receiving benefits in the Social Security Administration's records.

Somers' D = 0.87.

* Significant difference from group who denied receiving SSI/DI at p<.01 by pairwise comparison.

** Significant difference from group who denied receiving SSI/DI at p<.001 by pairwise comparison.

*** Significant difference from group who denied receiving SSI/DI at p<.0001 by pairwise comparison.

One clinical implication of the problematic self-reports is that when a client reports receiving SSI or DI, the assertion should be verified. The client can be asked the amount of the check or how the check came to be awarded. Clients should also be questioned to make sure the check referred to is an SSI or DI check and not another kind of payment. Information about benefit receipt can be obtained when another person receives the benefit check or by examining the clients' Medicare card. Primary Medicare beneficiaries who are too young to qualify for retirement benefits presumably receive DI.

The low agreement between self-report and SSA databases among the homeless, mentally ill population has other far-reaching implications. Data concerning sources of income are collected in the U.S. Census and several surveys specifically targeting poor people (Hotz and Scholz 2002). Accurate data about use of public support payments is crucial to assessing the impact of policies such as welfare reform (Primus and others 1999) and changes in eligibility for SSI and DI (Watkins, Wells, and McLellan 1999). In health services research, self-reported Social Security numbers and dates of birth are frequently used to cross-match data from people with known clinical characteristics with another database of interest (Friedman and others 1996; Bach and others 2002). A systematic bias is unwittingly introduced to data when a failure to cross-match is not random.

Some clients who reported receiving SSI/DI but did not appear in SSA databases probably did not cross-match with SSA databases because they provided inaccurate Social Security numbers (SSNs) or inaccurate dates of birth. In the 1996 Survey of Income and Program Participation, a full 16 percent of the SSNs provided by survey participants appeared to be inaccurate because they did not match SSNs in the Summary Earnings Record (Huynh, Rupp, and Sears 2002). One reason to suspect that inaccurate SSNs were provided is that the 1,323 participants whose reported receipt of SSI/DI was validated by SSA administrative records were similar to the 934 whose self-reported receipt was not validated (Table 2). For instance, both groups included high proportions of clients who reported that someone else received their check and managed it for them (29.3 percent and 27.6 percent, respectively). The clients who are discordant with SSA records could have some sort of non-SSA fiduciary arrangement, but the 27.6 percent reporting that someone else receives their check is consistent with other estimates that approximately a third of adults under the age of 65 who receive SSA payments based on a psychiatric disability have been assigned a payee to manage their funds (Social Security Administration 2001a, Table 7; and 2001b, Table 32).

Social Security numbers have high sensitivity and specificity in validating death against the National Death Index (Williams, Demitrack, and Fries 1992), and SSA databases are highly regarded (Waldron 2001). Yet underreporting of deaths to SSA does occur and is not random—underreporting of death information provided to SSA by third parties (such as state

vital record systems) is less likely when the deceased was a woman, black, younger, unmarried, or from the South (Curb and others 1985; Wentworth, Neaton, and Rasmussen 1983; Boyle and Decoufle 1990).

Benefits for the Supplemental Security Income and Disability Insurance programs provide a vital safety net for clients disabled by psychiatric disorders. It is important that each individual's benefit status be accurately determined for that client's clinical care and that studies dependent on demographic information provided by impaired clients be independently verified so that use of the Social Security safety net is accurately described.

Notes

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Policy Update

Policy Update highlights the latest research, analysis, and statistics from the Social Security Administration's Office of Policy. It includes summaries of all recent products and identifies work done by outside researchers funded through a cooperative agreement with SSA. Information about the availability of the publications is given in each section.

Publications

Documents from the Office of Policy are available at http://www.socialsecurity.gov/policy. To receive e-mail notification of the release of these documents, please visit http://www.socialsecurity.gov/policy/notify.html. For information about the availability of printed copies, please e-mail op.publications@ssa.gov, call , or fax .

Economic Status

Expenditures of the Aged Chartbook
(released May 2007)

This chartbook examines the spending patterns of the aged population (65 or older) using data from the 2002 Consumer Expenditure Survey Public-Use File. The charts compare expenditures of the aged population with those of the near aged (55–64). Many charts also compare those aged 65–75 and 75 or older. The data include total and per capita expenditures and expenditures for housing, food, health care, transportation, and travel.

Online: http://www.socialsecurity.gov/policy/docs/chartbooks/expenditures_aged/index.html

International Programs

Social Security Programs Throughout the World: Asia and the Pacific, 2006
(released March 2007)

This report, which is part of a four-volume series, provides a cross-national comparison of the social security systems in 48 countries in Asia and the Pacific. It summarizes the five main social insurance programs in those countries: old-age, disability, and survivors; sickness and maternity; work injury; unemployment; and family allowances. The other regional volumes in the series focus on the social security systems of countries in Europe, Africa, and the Americas. Together, the reports provide important information for researchers and policymakers who are reviewing different ways of approaching social security challenges and adapting the systems to the evolving needs of individuals, households, and families.

Online: http://www.socialsecurity.gov/policy/docs/progdesc/ssptw/2006-2007/asia/index.html

Social Security Programs

Annual Statistical Supplement, 2006
(released June 2007)

The *Supplement* includes more than 250 statistical tables that provide comprehensive data on Social Security and Supplemental Security Income. The data cover such aspects of the programs as beneficiary counts, amounts of benefits, and the status of the trust funds. Most of the data are derived from SSA's administrative records. The tables also contain data on related social insurance and welfare programs. Narrative sections describe the programs' legislative history and program rules.

Online: http://www.socialsecurity.gov/policy/docs/statcomps/supplement/2006/index.html

Congressional Statistics, December 2006
(released May 2007)

These annual fact sheets present data on the Social Security and Supplemental Security Income programs. Data are given for the number of people receiving benefits and the amount of total monthly payments made to persons in the United States, in each state, and in each congressional district within the state.

Online: http://www.socialsecurity.gov/policy/docs/factsheets/cong_stats/2006/index.html

State Statistics, December 2005
(released April 2007)

These annual fact sheets present data on the Social Security and Supplemental Security Income programs, as well as earnings and employment data under Social Security and Medicare.

Online: http://www.socialsecurity.gov/policy/docs/factsheets/state_stats/2005/index.html

Supplemental Security Income

SSI Annual Statistical Report, 2005
(released May 2007)

This annual report describes the SSI program and the people who receive benefits from it. The tables present data on such topics as recipient characteristics, disability and work incentives, applications, awards, and denials.

Online: http://www.socialsecurity.gov/policy/docs/statcomps/ssi_asr/2005/index.html

SSI Recipients by State and County, 2006
(released May 2007)

Local area data for the Supplemental Security Income program for aged, blind, and disabled people are the focus of this annual statistical report. The data are for federal and federally administered state payments.

Online: http://www.socialsecurity.gov/policy/docs/statcomps/ssi_sc/2006/index.html

SSI Disabled Recipients Who Work, 2006
(released April 2007)

This report presents data on all SSI disabled recipients who work, Section 1619 participants, and recipients who benefit from other work incentive programs.

Online: http://www.socialsecurity.gov/policy/docs/statcomps/ssi_workers/2006/index.html

Books

Office of Policy staff have co-authored two chapters in a new book that looks at baby boomers' prospects for health and income in retirement. *Redefining Retirement: How Will Boomers Fare?* is edited by Brigitte Madrian, Olivia S. Mitchell, and Beth J. Soldo and published by Oxford University Press (2007). Barbara A. Butrica, Howard M. Iams, and Karen E. Smith wrote chapter 4, "Understanding Baby Boomers' Retirement Prospects;" Joyce Manchester, David Weaver, and Kevin Whitman wrote chapter 6, "Baby Boomers versus Their Parents: Economic Well-Being and Health Status."

Papers from the Retirement Research Consortium

The Retirement Research Consortium comprises three multidisciplinary centers that are funded through a cooperative agreement with the Social Security Administration. The centers are located at Boston College, the University of Michigan, and the National Bureau of Economic Research. These centers provide research and policy analysis to inform decisionmakers about issues critical to Social Security's retirement program.

Boston College

The following papers are available on the Center for Retirement Research Web site (http://www.bc.edu/crr) or by e-mail from crr@bc.edu.

The Repeal of the Retirement Earnings Test and the Labor Supply of Older Men
Gary V. Engelhardt and Anil Kumar
CRR Working Paper No. 2007-1 (May 2007)

Literacy, Trust and 401(k) Savings Behavior
Julie R. Agnew, Lisa Szykman, Stephen P. Utkus, and Jean A. Young
CRR Working Paper No. 2007-10 (May 2007)

Demographic Influences on Saving-Investment Balances in Developing and Developed Economies
Ralph C. Bryant
CRR Working Paper No. 2007-8 (April 2007)

Social Security Spouse and Survivor Benefits for the Modern Family
Melissa M. Favreault and C. Eugene Steuerle
CRR Working Paper No. 2007-7 (February 2007)

How Economic Security Changes During Retirement
Barbara A. Butrica
CRR Working Paper No. 2007-6 (February 2007)

Job Changes at Older Ages: Effects on Wages, Benefits, and Other Job Attributes
Richard W. Johnson and Janette Kawachi
CRR Working Paper No. 2007-4 (February 2007)

Cross-National Comparison of Income and Wealth Status in Retirement: First Results from the Luxembourg Wealth Study (LWS)
Eva Sierminska, Andrea Brandolini, and Timothy M. Smeeding
CRR Working Paper No. 2007-3 (February 2007)

Saving and Demographic Change: The Global Dimension
Barry Bosworth and Gabriel Chodorow-Reich
CRR Working Paper No. 2007-2 (February 2007)

University of Michigan

The following papers are available on the University of Michigan Retirement Research Center (MRRC) Web site (http://mrrc.isr.umich.edu) or by e-mail from mrrc@isr.umich.edu.

Winners and Losers: 401(k) Trading and Portfolio Performance
Takeshi Yamaguchi, Olivia S. Mitchell, Gary R. Mottola, and Steven P. Utkus
MRRC Working Paper No. 2007-154 (June 2007)

Projecting Behavioral Responses to the Next Generation of Retirement Policies
Alan L. Gustman and Thomas L. Steinmeier
MRRC Working Paper No. 2007-153 (March 2007)

Disability Insurance with Pre-funding and Private Participation: The Chilean Model
Estelle James and Augusto Iglesias
MRRC Policy Brief No. 4 (February 2007)

Enhancing the Quality of Data on the Measurement of Income and Wealth
F. Thomas Juster, Honggao Cao, Mick Couper, Daniel H. Hill, Michael Hurd, Joseph P. Lupton, Michael Perry, and James P. Smith
MRRC Working Paper No. 2007-151 (January 2007)

The Responsiveness of Private Savings to Medicaid Long Term Care Policies
Purvi Sevak and Lina Walker
MRRC Working Paper No. 2007-150 (January 2007)

Labor Market Status and Transitions During the Pre-Retirement Years: Learning from International Differences
Arie Kapteyn, James P. Smith, Arthur van Soest, and James Banks
MRRC Working Paper No. 2007-149 (January 2007)

The Importance of Objective Health Measures in Predicting Early Receipt of Social Security Benefits: The Case of Fatness
Richard V. Burkhauser and John H. Cawley
MRRC Working Paper No. 2006-148 (December 2006)

Crowd-out, Adverse Selection and Information in Annuity Markets: Evidence from a New Retrospective Data Set in Chile
Alejandra Cox Edwards and Estelle James
MRRC Working Paper No. 2006-147 (December 2006)

National Bureau of Economic Research

The following papers are available on the NBER Retirement Research Center Web site (http://www.nber.org/programs/ag/rrc/rrchome.html) or by online request (http://www.nber.org/contact).

The Rise of 401(k) Plans, Lifetime Earnings, and Wealth at Retirement
James Poterba, Steven F. Venti, and David A. Wise
NBER Working Paper No. 13091 (May 2007)

Is the US Population Behaving Healthier?
David M. Cutler, Edward L. Glaeser, and Allison B. Rosen
NBER Working Paper No. 13013 (April 2007)

Labor Supply Responses to the Social Security Tax-Benefit Link
Jeffrey B. Liebman, Erzo F.P. Luttmer, and David G. Seif
NBER Working Paper No. NB06-12 (December 2006)

Demographic Change, Relative Factor Prices, International Capital Flows, and Their Differential Effects on the Welfare of Generations
Alexander Ludwig, Dirk Krüger, and Axel Börsch-Supan
NBER Working Paper No. NB06-11 (December 2006)

The Progressivity of Social Security
Jeffrey R. Brown, Julia Lynn Coronado, and Don Fullerton
NBER Working Paper No. NB06-10 (December 2006)

Notional Defined Contribution Pension Systems in a Stochastic Context: Design and Stability
Alan J. Auerbach and Ronald Lee
NBER Working Paper No. NB06-09 (December 2006)

Reducing Social Security PRA Risk at the Individual Level—Lifecycle Funds and No-loss Strategies
James Poterba, Joshua Rauh, Steven Venti, and David Wise
NBER Working Paper No. NB06-07 (December 2006)

Removing the Disincentives in Social Security for Long Careers
Gopi Shah Goda, John B. Shoven, and Sita Nataraj Slavov
NBER Working Paper No. NB06-06 (December 2006)

Pricing Personal Account Benefit Guarantees: A Simplified Approach
Andrew Biggs, Clark Burdick, and Kent Smetters
NBER Working Paper No. NB06-05 (December 2006)

Changing Progressivity as a Means of Risk Protection in Investment-Based Social Security
Andrew Samwick
NBER Working Paper No. NB06-02 (December 2006)

The Decline of Defined Benefit Retirement Plans and Asset Flows
James Poterba, Steven Venti, and David A. Wise
NBER Working Paper No. NB06-01 (December 2006)

Who Chooses Defined Contribution Plans?
Jeffrey R. Brown and Scott J. Weisbenner
NBER Working Paper No. NB06-03 (September 2006)

OASDI and SSI Snapshot and Monthly Statistics

Each month, the Social Security Administration's Office of Policy posts key statistics about various aspects of the Old-Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs on its Web site (http://www.socialsecurity.gov/policy). The statistics include the number of people who receive benefits, the type of benefit they receive, and the average monthly benefit. Data from the Office of the Chief Actuary on the receipts, expenditures, and assets of the OASI and DI trust funds, which previously appeared in Table 11 of the Monthly Statistics, are available at http://www.socialsecurity.gov/OACT/ProgData/funds.html. This issue presents data for March 2006–March 2007.

The Monthly Statistical Snapshot summarizes the information about the programs presented in the more detailed tables and provides a summary table on the trust funds. Data for March 2007 are given on pages 68–69. The more detailed OASDI tables begin on page 71; SSI tables begin on page 89.

Monthly Statistical Snapshot

Table 1. Number of people receiving Social Security, Supplemental Security Income, or both
Table 2. Social Security benefits
Table 3. Supplemental Security Income recipients
Table 4. Operations of the Old-Age Survivors Insurance and Disability Insurance Trust Funds

The most current edition of Tables 1–3 will always be available at http://www.socialsecurity.gov/policy/docs/quickfacts/stat_snapshot. The most current data for trust funds (Table 4) are available at http://www.social security.gov/OACT/ProgData/funds.html.

Monthly Statistical Snapshot, March 2007

Table 1.
Number of people receiving Social Security, Supplemental Security Income, or both, March 2007 (in thousands)

Type of beneficiary	Total	Social Security only	SSI only	Both Social Security and SSI
All beneficiaries	54,167	46,880	4,727	2,559
Aged 65 or older	35,541	33,531	864	1,147
Disabled, under age 65 [a]	11,446	6,170	3,864	1,412
Other [b]	7,180	7,180	. . .	. . .

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data. Social Security Administration, Supplemental Security Record, 100 percent data.

NOTES: Data are for the end of the specified month. Only Social Security beneficiaries in current-payment status are included.

. . . = not applicable.

a. Includes children receiving SSI on the basis of their own disability.

b. Social Security beneficiaries who are neither aged nor disabled (for example, early retirees, young survivors).

CONTACT: Art Kahn (410) 965-0186 for further information.

Table 2.
Social Security benefits, March 2007

Type of beneficiary	Beneficiaries		Total monthly benefits (millions of dollars)	Average monthly benefit (dollars)
	Number (thousands)	Percent		
All beneficiaries [a]	49,439	100.0	47,377	958.30
Old-Age Insurance				
Retired workers	31,225	63.2	32,724	1,048.00
Spouses	2,466	5.0	1,279	518.40
Children	502	1.0	262	521.80
Survivors Insurance				
Widow(er)s and parents [b]	4,471	9.0	4,434	991.60
Widowed mothers and fathers [c]	162	0.3	122	748.40
Children	1,926	3.9	1,322	686.30
Disability Insurance				
Disabled workers	6,859	13.9	6,709	978.10
Spouses	154	0.3	39	256.20
Children	1,675	3.4	488	291.20

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTES: Data are for the end of the specified month. Only beneficiaries in current-payment status are included.

Some Social Security beneficiaries are entitled to more than one type of benefit. In most cases, they are dually entitled to a worker benefit and a higher spouse or widow(er) benefit. If both benefits are financed from the same trust fund, the beneficiary is usually counted only once in the statistics, as a retired-worker or a disabled-worker beneficiary, and the benefit amount recorded is the larger amount associated with the auxiliary benefit. If the benefits are paid from different trust funds the beneficiary is counted twice, and the respective benefit amounts are recorded for each type of benefit.

a. Includes special age-72 beneficiaries.

b. Includes nondisabled widow(er)s aged 60 or older, disabled widow(er)s aged 50 or older, and dependent parents of deceased workers aged 62 or older.

c. A widow(er) or surviving divorced parent caring for the entitled child of a deceased worker who is under age 16 or is disabled.

CONTACT: Jessica Guillory (410) 966-6543 for further information.

Table 3.
Supplemental Security Income recipients, March 2007

Age	Recipients: Number (thousands)	Recipients: Percent	Total payments [a] (millions of dollars)	Average monthly payment [b] (dollars)
All recipients	7,286	100.0	3,591	468.00
Under 18	1,091	15.0	634	561.10
18–64	4,185	57.4	2,181	483.60
65 or older	2,010	27.6	776	385.00

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month.

a. Includes retroactive payments.

b. Excludes retroactive payments.

CONTACT: Art Kahn (410) 965-0186 for further information.

Table 4.
Operations of the Old-Age and Survivors Insurance and Disability Insurance Trust Funds, March 2007 (in millions of dollars)

Component	OASI	DI	Combined OASI and DI
		Receipts	
Total	51,505	8,737	60,242
Net contributions	51,352	8,719	60,071
Income from taxation of benefits	12	0	12
Net interest	141	17	159
Payments from the general fund	0	0	0
		Expenditures	
Total	40,534	8,410	48,944
Benefit payments	40,295	8,214	48,508
Administrative expenses	240	196	436
Transfers to Railroad Retirement	0	0	0
		Assets	
At start of month	1,865,669	204,347	2,070,016
Net increase during month	10,970	327	11,297
At end of month	1,876,639	204,674	2,081,313

SOURCE: Data on the trust funds were accessed on August 8, 2007, on the Office of the Chief Actuary's Web site at http://www.socialsecurity.gov/OACT/ProgData/funds.html.

NOTE: Totals may not equal the sum of the components because of rounding.

Old-Age, Survivors, and Disability Insurance
March 2006–March 2007

OASDI Benefits in Current-Payment Status

Table 1. All OASDI benefits, by program and type of benefit
Table 2. OASI retirement benefits, by type of beneficiary
Table 3. OASI retired-worker beneficiaries, by sex and election of early retirement
Table 4. OASI survivors benefits, by type of beneficiary
Table 5. DI benefits, by type of beneficiary
Table 6. OASDI child benefits, by type of beneficiary and age

Awards of OASDI Benefits

Table 7. All OASDI benefits, by program and type of benefit
Table 8. OASI retirement benefits, by type of beneficiary
Table 9. OASI survivors benefits, by type of beneficiary
Table 10. DI benefits, by type of beneficiary

The OASDI Monthly Statistics are also available at http://www.socialsecurity.gov/policy/docs/statcomps/oasdi_monthly.

Table 1.
All OASDI benefits, by program and type of benefit, March 2006–March 2007

Month	Total, OASDI [a]	OASI			Subtotal, DI [c]
		Subtotal, OASI [b]	Retirement	Survivors	
			Number (thousands)		
2006					
March	48,730	40,354	33,719	6,635	8,376
April	48,805	40,397	33,754	6,643	8,408
May	48,877	40,442	33,793	6,649	8,435
June	48,863	40,435	33,824	6,611	8,428
July	48,803	40,365	33,811	6,554	8,438
August	48,848	40,355	33,803	6,552	8,493
September	48,943	40,412	33,851	6,562	8,530
October	49,015	40,444	33,879	6,566	8,571
November	49,091	40,495	33,930	6,566	8,596
December	49,123	40,503	33,938	6,566	8,619
2007					
January	49,247	40,613	34,076	6,537	8,634
February	49,353	40,694	34,148	6,547	8,659
March	49,439	40,752	34,193	6,559	8,688
			Total monthly benefits (millions of dollars)		
2006					
March	44,774	38,087	32,376	5,711	6,686
April	44,870	38,157	32,436	5,721	6,713
May	44,956	38,218	32,490	5,728	6,738
June	45,003	38,251	32,544	5,707	6,752
July	45,012	38,223	32,554	5,669	6,788
August	45,071	38,230	32,560	5,670	6,841
September	45,173	38,301	32,621	5,680	6,872
October	45,253	38,347	32,664	5,684	6,906
November	45,392	38,460	32,774	5,686	6,932
December	46,938	39,757	33,882	5,875	7,181
2007					
January	47,142	39,946	34,095	5,852	7,195
February	47,274	40,059	34,195	5,864	7,215
March	47,377	40,141	34,264	5,877	7,236

(Continued)

Table 1.
Continued

Month	Total, OASDI [a]	OASI			DI
		Subtotal, OASI [b]	Retirement	Survivors	Subtotal, DI [c]
			Average monthly benefit (dollars)		
2006					
March	918.80	943.80	960.20	860.80	798.20
April	919.40	944.50	961.00	861.10	798.50
May	919.80	945.00	961.40	861.50	798.80
June	921.00	946.00	962.20	863.20	801.20
July	922.30	946.90	962.80	865.00	804.50
August	922.70	947.30	963.20	865.40	805.50
September	923.00	947.80	963.70	865.70	805.60
October	923.30	948.20	964.10	865.70	805.80
November	924.70	949.80	965.90	866.00	806.50
December	955.50	981.60	998.40	894.80	833.10
2007					
January	957.20	983.60	1,000.50	895.20	833.30
February	957.90	984.40	1,001.40	895.70	833.30
March	958.30	985.00	1,002.10	896.00	832.90

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTES: Data are for the end of the specified month.

Some Social Security beneficiaries are entitled to more than one type of benefit. In most cases, they are dually entitled to a worker benefit and a higher spouse or widow(er) benefit. If both benefits are financed from the same trust fund, the beneficiary is usually counted only once in the statistics, as a retired-worker or a disabled-worker beneficiary, and the benefit amount recorded is the larger amount associated with the auxiliary benefit. If the benefits are paid from different trust funds the beneficiary is counted twice, and the respective benefit amounts are recorded for each type of benefit.

a. Includes special age-72 beneficiaries.

   Excludes a number of Railroad Retirement beneficiaries who would have been eligible for Social Security benefits had they applied. The reason they have not applied is that receipt of a Social Security benefit would reduce their Railroad Retirement benefit by a like amount. The number of Railroad Retirement beneficiaries who would be eligible for a Social Security benefit if they applied is not available, but is estimated to be less than 100,000.

b. Benefits paid from the OASI trust fund to retired workers and their spouses and children and to all survivors.

c. Benefits paid from the DI trust fund to disabled workers and their spouses and children.

CONTACT: Jessica Guillory (410) 966-6543 for further information.

Table 2.
OASI retirement benefits, by type of beneficiary, March 2006–March 2007

Month	All beneficiaries	Retired workers	Spouses	Children
		Number (thousands)		
2006				
March	33,719	30,706	2,513	500
April	33,754	30,741	2,509	503
May	33,793	30,781	2,506	505
June	33,824	30,825	2,503	497
July	33,811	30,832	2,497	482
August	33,803	30,830	2,492	481
September	33,851	30,879	2,489	483
October	33,879	30,908	2,485	486
November	33,930	30,959	2,483	488
December	33,938	30,971	2,476	490
2007				
January	34,076	31,110	2,473	493
February	34,148	31,179	2,470	498
March	34,193	31,225	2,466	502
		Total monthly benefits (millions of dollars)		
2006				
March	32,376	30,871	1,257	248
April	32,436	30,931	1,255	250
May	32,490	30,985	1,254	252
June	32,544	31,045	1,252	247
July	32,554	31,065	1,249	240
August	32,560	31,074	1,247	240
September	32,621	31,135	1,246	241
October	32,664	31,178	1,243	243
November	32,774	31,286	1,244	244
December	33,882	32,346	1,282	254
2007				
January	34,095	32,556	1,282	257
February	34,195	32,655	1,281	259
March	34,264	32,724	1,279	262

(Continued)

Table 2.
Continued

Month	All beneficiaries	Retired workers	Spouses	Children
		Average monthly benefit (dollars)		
2006				
March	960.20	1,005.40	500.10	496.40
April	961.00	1,006.20	500.20	497.20
May	961.40	1,006.60	500.20	497.80
June	962.20	1,007.20	500.30	497.60
July	962.80	1,007.60	500.40	497.10
August	963.20	1,007.90	500.40	497.80
September	963.70	1,008.30	500.50	498.40
October	964.10	1,008.70	500.50	499.20
November	965.90	1,010.60	501.10	500.70
December	998.40	1,044.40	517.90	518.10
2007				
January	1,000.50	1,046.50	518.20	520.00
February	1,001.40	1,047.30	518.40	521.00
March	1,002.10	1,048.00	518.40	521.80

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTES: Data are for the end of the specified month.

Some Social Security beneficiaries are entitled to more than one type of benefit. In most cases, they are dually entitled to a worker benefit and a higher spouse or widow(er) benefit. If both benefits are financed from the same trust fund, the beneficiary is usually counted only once in the statistics, as a retired-worker or a disabled-worker beneficiary, and the benefit amount recorded is the larger amount associated with the auxiliary benefit. If the benefits are paid from different trust funds the beneficiary is counted twice, and the respective benefit amounts are recorded for each type of benefit.

CONTACT: Jessica Guillory (410) 966-6543 for further information.

Table 3.
OASI retired-worker beneficiaries, by sex and election of early retirement, March 2006–March 2007

Month	All beneficiaries				Men				Women			
	Total	Without reduction for early retirement	With reduction for early retirement	Early retirees as a percentage of total	Subtotal	Without reduction for early retirement	With reduction for early retirement	Early retirees as a percentage of subtotal	Subtotal	Without reduction for early retirement	With reduction for early retirement	Early retirees as a percentage of subtotal
						Number (thousands)						
2006												
March	30,706	8,368	22,338	72.7	15,770	4,676	11,094	70.3	14,936	3,692	11,244	75.3
April	30,741	8,371	22,370	72.8	15,785	4,677	11,108	70.4	14,956	3,694	11,262	75.3
May	30,781	8,376	22,405	72.8	15,803	4,680	11,123	70.4	14,978	3,696	11,282	75.3
June	30,825	8,383	22,442	72.8	15,823	4,684	11,139	70.4	15,002	3,699	11,303	75.3
July	30,832	8,365	22,467	72.9	15,819	4,670	11,148	70.5	15,014	3,695	11,319	75.4
August	30,830	8,341	22,489	72.9	15,811	4,657	11,155	70.5	15,019	3,685	11,334	75.5
September	30,879	8,344	22,535	73.0	15,832	4,658	11,174	70.6	15,047	3,686	11,361	75.5
October	30,908	8,349	22,559	73.0	15,843	4,660	11,182	70.6	15,065	3,689	11,376	75.5
November	30,959	8,368	22,591	73.0	15,862	4,668	11,194	70.6	15,096	3,700	11,397	75.5
December	30,971	8,373	22,598	73.0	15,866	4,669	11,197	70.6	15,106	3,705	11,401	75.5
2007												
January	31,110	8,394	22,716	73.0	15,941	4,677	11,264	70.7	15,168	3,717	11,452	75.5
February	31,179	8,400	22,779	73.1	15,976	4,680	11,296	70.7	15,203	3,720	11,483	75.5
March	31,225	8,406	22,819	73.1	15,997	4,683	11,314	70.7	15,227	3,722	11,505	75.6
						Total monthly benefits (millions of dollars)						
2006												
March	30,871	9,843	21,028	. . .	17,876	6,197	11,679	. . .	12,996	3,647	9,349	. . .
April	30,931	9,855	21,076	. . .	17,908	6,203	11,705	. . .	13,023	3,651	9,372	. . .
May	30,985	9,864	21,121	. . .	17,936	6,208	11,728	. . .	13,048	3,655	9,393	. . .
June	31,045	9,876	21,169	. . .	17,968	6,216	11,752	. . .	13,077	3,661	9,417	. . .
July	31,065	9,859	21,206	. . .	17,969	6,200	11,769	. . .	13,096	3,659	9,437	. . .
August	31,074	9,834	21,240	. . .	17,965	6,182	11,784	. . .	13,108	3,652	9,456	. . .
September	31,135	9,842	21,293	. . .	17,997	6,187	11,810	. . .	13,138	3,655	9,483	. . .
October	31,178	9,852	21,326	. . .	18,017	6,192	11,825	. . .	13,161	3,660	9,501	. . .
November	31,286	9,903	21,383	. . .	18,071	6,220	11,851	. . .	13,215	3,683	9,532	. . .
December	32,346	10,240	22,106	. . .	18,681	6,430	12,250	. . .	13,666	3,810	9,855	. . .
2007												
January	32,556	10,272	22,285	. . .	18,809	6,447	12,362	. . .	13,747	3,825	9,922	. . .
February	32,655	10,283	22,371	. . .	18,866	6,453	12,412	. . .	13,789	3,830	9,959	. . .
March	32,724	10,295	22,429	. . .	18,902	6,460	12,442	. . .	13,822	3,835	9,987	. . .

(Continued)

Table 3.
Continued

Month	All beneficiaries				Men				Women			
	Total	Without reduction for early retirement	With reduction for early retirement	Early retirees as a percentage of total	Subtotal	Without reduction for early retirement	With reduction for early retirement	Early retirees as a percentage of subtotal	Subtotal	Without reduction for early retirement	With reduction for early retirement	Early retirees as a percentage of subtotal
	Average monthly benefit (dollars)											
2006												
March	1,005.40	1,176.30	941.40	. . .	1,133.50	1,325.10	1,052.80	. . .	870.10	987.80	831.40	. . .
April	1,006.20	1,177.20	942.20	. . .	1,134.50	1,326.20	1,053.70	. . .	870.80	988.60	832.10	. . .
May	1,006.60	1,177.70	942.70	. . .	1,135.00	1,326.60	1,054.30	. . .	871.20	989.10	832.60	. . .
June	1,007.20	1,178.20	943.30	. . .	1,135.60	1,327.10	1,055.00	. . .	871.70	989.60	833.10	. . .
July	1,007.60	1,178.50	943.90	. . .	1,135.90	1,327.40	1,055.70	. . .	872.30	990.30	833.80	. . .
August	1,007.90	1,178.90	944.50	. . .	1,136.20	1,327.60	1,056.40	. . .	872.80	991.10	834.30	. . .
September	1,008.30	1,179.50	944.90	. . .	1,136.70	1,328.10	1,057.00	. . .	873.10	991.60	834.70	. . .
October	1,008.70	1,179.90	945.40	. . .	1,137.20	1,328.50	1,057.50	. . .	873.60	992.20	835.10	. . .
November	1,010.60	1,183.40	946.50	. . .	1,139.20	1,332.50	1,058.70	. . .	875.40	995.40	836.40	. . .
December	1,044.40	1,223.00	978.20	. . .	1,177.40	1,377.20	1,094.10	. . .	904.70	1,028.60	864.40	. . .
2007												
January	1,046.50	1,223.70	981.00	. . .	1,179.90	1,378.30	1,097.50	. . .	906.30	1,029.10	866.50	. . .
February	1,047.30	1,224.20	982.10	. . .	1,180.90	1,378.90	1,098.80	. . .	907.00	1,029.50	867.30	. . .
March	1,048.00	1,224.70	982.90	. . .	1,181.60	1,379.40	1,099.70	. . .	907.70	1,030.20	868.10	. . .

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTES: Data are for the end of the specified month.

Some Social Security beneficiaries are entitled to more than one type of benefit. In most cases, they are dually entitled to a worker benefit and a higher spouse or widow(er) benefit. If both benefits are financed from the same trust fund, the beneficiary is usually counted only once in the statistics, as a retired-worker or a disabled-worker beneficiary, and the benefit amount recorded is the larger amount associated with the auxiliary benefit. If the benefits are paid from different trust funds the beneficiary is counted twice, and the respective benefit amounts are recorded for each type of benefit.

. . . = not applicable.

CONTACT: Jessica Guillory (410) 966-6543 for further information.

Table 4.
OASI survivors benefits, by type of beneficiary, March 2006–March 2007

Month	All beneficiaries	Widow(er)s and parents [a]	Widowed mothers and fathers [b]	Children
		Number (thousands)		
2006				
March	6,635	4,534	169	1,932
April	6,643	4,531	170	1,943
May	6,649	4,530	171	1,948
June	6,611	4,529	173	1,909
July	6,554	4,523	171	1,860
August	6,552	4,518	170	1,864
September	6,562	4,518	172	1,872
October	6,566	4,511	172	1,883
November	6,566	4,503	172	1,890
December	6,566	4,496	171	1,899
2007				
January	6,537	4,472	159	1,906
February	6,547	4,472	161	1,914
March	6,559	4,471	162	1,926
		Total monthly benefits (millions of dollars)		
2006				
March	5,711	4,317	121	1,273
April	5,721	4,317	122	1,282
May	5,728	4,319	123	1,286
June	5,707	4,322	125	1,260
July	5,669	4,319	125	1,225
August	5,670	4,317	124	1,229
September	5,680	4,320	126	1,235
October	5,684	4,315	126	1,243
November	5,686	4,310	126	1,249
December	5,875	4,447	130	1,298
2007				
January	5,852	4,427	119	1,306
February	5,864	4,431	120	1,313
March	5,877	4,434	122	1,322

(Continued)

Table 4.
Continued

Month	All beneficiaries	Widow(er)s and parents [a]	Widowed mothers and fathers [b]	Children
		Average monthly benefit (dollars)		
2006				
March	860.80	952.00	717.70	659.10
April	861.10	952.80	718.80	659.70
May	861.50	953.50	720.00	660.20
June	863.20	954.20	724.00	660.00
July	865.00	954.90	729.00	658.90
August	865.40	955.50	730.80	659.30
September	865.70	956.10	732.00	659.70
October	865.70	956.50	731.70	660.10
November	866.00	957.10	733.70	661.10
December	894.80	989.30	756.60	683.70
2007				
January	895.20	989.90	745.90	685.30
February	895.70	990.90	747.40	685.80
March	896.00	991.60	748.40	686.30

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTES: Data are for the end of the specified month.

Some Social Security beneficiaries are entitled to more than one type of benefit. In most cases, they are dually entitled to a worker benefit and a higher spouse or widow(er) benefit. If both benefits are financed from the same trust fund, the beneficiary is usually counted only once in the statistics, as a retired-worker or a disabled-worker beneficiary, and the benefit amount recorded is the larger amount associated with the auxiliary benefit. If the benefits are paid from different trust funds the beneficiary is counted twice, and the respective benefit amounts are recorded for each type of benefit.

a. Includes nondisabled widow(er)s aged 60 or older, disabled widow(er)s aged 50 or older, and dependent parents of deceased workers aged 62 or older.

b. A widow(er) or surviving divorced parent caring for the entitled child of a deceased worker who is under age 16 or is disabled.

CONTACT: Jessica Guillory (410) 966-6543 for further information.

Table 5.
DI benefits, by type of beneficiary, March 2006–March 2007

Month	All beneficiaries	Disabled workers	Spouses	Children
		Number (thousands)		
2006				
March	8,376	6,565	155	1,657
April	8,408	6,586	155	1,667
May	8,435	6,608	155	1,673
June	8,428	6,630	155	1,643
July	8,438	6,675	155	1,608
August	8,493	6,724	155	1,614
September	8,530	6,750	156	1,624
October	8,571	6,780	156	1,635
November	8,596	6,796	156	1,644
December	8,619	6,812	156	1,652
2007				
January	8,634	6,824	154	1,657
February	8,659	6,841	154	1,664
March	8,688	6,859	154	1,675
		Total monthly benefits (millions of dollars)		
2006				
March	6,686	6,184	38	464
April	6,713	6,209	38	467
May	6,738	6,231	38	469
June	6,752	6,254	38	460
July	6,788	6,301	38	449
August	6,841	6,350	39	451
September	6,872	6,379	39	455
October	6,906	6,409	39	458
November	6,932	6,432	39	462
December	7,181	6,661	40	480
2007				
January	7,195	6,674	39	482
February	7,215	6,691	39	485
March	7,236	6,709	39	488

(Continued)

Table 5.
Continued

Month	All beneficiaries	Disabled workers	Spouses	Children
		Average monthly benefit (dollars)		
2006				
March	798.20	942.10	244.60	280.00
April	798.50	942.70	244.60	280.10
May	798.80	943.00	244.70	280.40
June	801.20	943.40	245.50	279.90
July	804.50	944.00	247.80	279.30
August	805.50	944.50	249.20	279.70
September	805.60	944.90	249.20	279.90
October	805.80	945.30	249.30	280.20
November	806.50	946.40	249.10	280.80
December	833.10	977.90	257.00	290.50
2007				
January	833.30	978.00	256.90	291.00
February	833.30	978.10	256.50	291.20
March	832.90	978.10	256.20	291.20

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTES: Data are for the end of the specified month.

Some Social Security beneficiaries are entitled to more than one type of benefit. In most cases, they are dually entitled to a worker benefit and a higher spouse or widow(er) benefit. If both benefits are financed from the same trust fund, the beneficiary is usually counted only once in the statistics, as a retired-worker or a disabled-worker beneficiary, and the benefit amount recorded is the larger amount associated with the auxiliary benefit. If the benefits are paid from different trust funds the beneficiary is counted twice, and the respective benefit amounts are recorded for each type of benefit.

CONTACT: Jessica Guillory (410) 966-6543 for further information.

Table 6.
OASDI child benefits, by type of beneficiary and age, March 2006–March 2007

Month	All children	Children of retired workers			Children of deceased workers			Children of disabled workers		
		Under age 18	Students aged 18–19	Disabled aged 18 or older	Under age 18	Students aged 18–19	Disabled aged 18 or older	Under age 18	Students aged 18–19	Disabled aged 18 or older
					Number (thousands)					
2006										
March	4,089	285	23	192	1,332	91	509	1,517	71	69
April	4,113	286	25	192	1,334	100	509	1,521	77	69
May	4,126	286	27	192	1,333	106	509	1,522	82	69
June	4,048	287	18	192	1,333	66	510	1,523	51	70
July	3,950	286	4	192	1,331	19	510	1,523	14	70
August	3,959	284	5	192	1,329	24	511	1,525	18	71
September	3,979	284	7	192	1,327	33	511	1,528	25	71
October	4,004	284	10	192	1,326	45	512	1,530	33	72
November	4,022	283	13	192	1,322	55	512	1,531	41	72
December	4,041	282	16	192	1,321	65	513	1,530	50	72
2007										
January	4,056	283	18	192	1,319	74	513	1,527	57	72
February	4,076	284	21	193	1,318	83	513	1,527	65	72
March	4,102	285	24	193	1,319	93	514	1,529	73	73
					Total monthly benefits (millions of dollars)					
2006										
March	1,985	133	13	102	860	67	347	409	27	27
April	1,999	134	14	102	861	73	347	410	30	27
May	2,007	134	15	102	861	78	348	410	32	27
June	1,967	135	10	102	862	49	348	412	20	28
July	1,914	135	2	102	864	13	349	416	5	28
August	1,920	134	3	103	862	17	349	416	7	28
September	1,930	134	4	103	861	24	350	417	10	28
October	1,944	134	6	103	861	32	350	417	13	28
November	1,956	134	7	103	859	40	351	417	16	29
December	2,032	138	9	106	886	49	363	430	20	30
2007										
January	2,045	139	11	107	887	56	363	429	23	30
February	2,057	140	12	107	886	63	364	429	26	30
March	2,071	141	14	107	886	71	364	429	29	30

(Continued)

Table 6.
Continued

Month	All children	Children of retired workers			Children of deceased workers			Children of disabled workers		
		Under age 18	Students aged 18–19	Disabled aged 18 or older	Under age 18	Students aged 18–19	Disabled aged 18 or older	Under age 18	Students aged 18–19	Disabled aged 18 or older
					Average monthly benefit (dollars)					
2006										
March	485.60	467.70	562.80	531.10	645.70	730.30	681.10	269.70	388.80	395.30
April	486.00	467.90	565.00	531.90	645.70	733.90	681.90	269.40	389.70	395.20
May	486.30	468.00	565.70	532.50	645.70	735.70	682.30	269.20	390.60	395.50
June	485.80	469.20	572.50	533.10	647.10	744.00	682.80	270.70	395.00	396.90
July	484.60	471.90	530.60	533.80	649.00	694.50	683.20	272.90	373.90	398.10
August	484.90	472.30	539.00	534.40	649.10	701.60	683.70	273.00	380.70	398.10
September	485.10	472.50	546.30	534.90	648.90	711.40	684.10	272.70	385.20	397.80
October	485.50	472.80	551.50	535.30	648.90	715.60	684.50	272.50	386.30	396.50
November	486.20	474.10	556.60	536.20	649.40	719.10	685.00	272.50	387.20	396.90
December	502.80	490.00	580.00	554.40	671.10	747.60	708.00	281.30	400.50	410.30
2007										
January	504.10	491.90	584.80	555.30	672.60	752.50	708.40	281.20	401.30	411.00
February	504.60	492.50	587.10	556.00	672.50	755.60	708.80	280.80	401.00	411.00
March	504.90	492.70	589.10	556.60	672.20	759.40	709.20	280.30	401.00	410.80

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTES: Data are for the end of the specified month.

Some Social Security beneficiaries are entitled to more than one type of benefit. In most cases, they are dually entitled to a worker benefit and a higher spouse or widow(er) benefit. If both benefits are financed from the same trust fund, the beneficiary is usually counted only once in the statistics, as a retired-worker or a disabled-worker beneficiary, and the benefit amount recorded is the larger amount associated with the auxiliary benefit. If the benefits are paid from different trust funds the beneficiary is counted twice, and the respective benefit amounts are recorded for each type of benefit.

CONTACT: Jessica Guillory (410) 966-6543 for further information.

Table 7.
All OASDI benefits, by program and type of benefit, March 2006–March 2007

Month	Total, OASDI [a]	OASI			DI
		Subtotal, OASI [b]	Retirement	Survivors	Subtotal, DI [c]
			Number (thousands)		
2006					
March	416	295	218	78	121
April	408	290	212	78	118
May	377	265	193	72	112
June	379	265	196	69	114
July	354	238	168	70	116
August	346	227	158	68	119
September	379	258	187	71	122
October	385	262	187	74	124
November	398	276	199	77	122
December	283	204	150	54	79
2007					
January	550	455	371	84	95
February	402	299	224	75	103
March	420	303	218	85	116
			Average monthly benefit (dollars)		
2006					
March	785.60	849.50	888.00	741.70	629.10
April	794.50	841.90	881.20	734.40	677.70
May	790.50	832.20	871.40	726.90	692.10
June	800.50	841.60	881.20	729.80	705.10
July	790.40	826.40	865.30	733.90	716.60
August	768.60	799.90	831.90	726.00	708.90
September	796.90	839.40	881.80	727.10	706.90
October	801.10	841.10	884.10	732.50	716.70
November	798.60	844.50	888.70	730.80	694.80
December	854.30	899.30	944.50	774.50	737.90
2007					
January	985.40	1,035.10	1,078.00	844.50	746.30
February	869.20	911.00	956.80	774.90	747.30
March	842.90	890.30	938.40	766.70	719.20

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTE: Award actions are processed not only for new beneficiaries but also for persons already on the rolls whose benefits in one category are terminated but who become entitled to another type of benefit. These actions are called conversions. Benefit conversions are included in the data, except for conversions of benefits for children of retired workers to benefits for children of deceased workers upon the death of the worker.

a. Includes special age-72 beneficiaries.

Excludes a number of Railroad Retirement beneficiaries who would have been eligible for Social Security benefits had they applied. The reason they have not applied is that receipt of a Social Security benefit would reduce their Railroad Retirement benefit by a like amount. The number of Railroad Retirement beneficiaries who would be eligible for a Social Security benefit if they applied is not available, but is estimated to be less than 100,000.

b. Benefits paid from the OASI trust fund to retired workers and their spouses and children and to all survivors.

c. Benefits paid from the DI trust fund to disabled workers and their spouses and children.

CONTACT: Jessica Guillory (410) 966-6543 for further information.

Table 8.
OASI retirement benefits, by type of beneficiary, March 2006–March 2007

Month	All beneficiaries	Retired workers	Spouses	Children
		Number (thousands)		
2006				
March	218	174	31	13
April	212	169	30	13
May	193	153	28	12
June	196	156	28	11
July	168	135	24	9
August	158	125	24	9
September	187	151	25	10
October	187	151	25	11
November	199	162	26	11
December	150	125	17	8
2007				
January	371	320	38	13
February	224	183	29	11
March	218	177	29	12
		Average monthly benefit (dollars)		
2006				
March	888.00	1,013.00	370.90	431.10
April	881.20	1,005.00	372.70	433.10
May	871.40	997.20	376.40	420.40
June	881.20	1,005.40	375.50	411.50
July	865.30	981.30	373.90	441.90
August	831.90	949.10	363.60	447.80
September	881.80	996.90	375.30	454.80
October	884.10	1,000.80	374.70	458.30
November	888.70	1,002.10	373.00	458.60
December	944.50	1,045.80	400.50	515.70
2007				
January	1,078.00	1,182.80	381.10	528.90
February	956.80	1,077.10	374.40	506.60
March	938.40	1,061.40	368.00	496.80

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTE: Award actions are processed not only for new beneficiaries but also for persons already on the rolls whose benefits in one category are terminated but who become entitled to another type of benefit. These actions are called conversions. Benefit conversions are included in the data, except for conversions of benefits for children of retired workers to benefits for children of deceased workers upon the death of the worker.

CONTACT: Jessica Guillory (410) 966-6543 for further information.

Table 9.
OASI survivors benefits, by type of beneficiary, March 2006–March 2007

Month	All beneficiaries	Widow(er)s and parents [a]	Widowed mothers and fathers [b]	Children
		Number (thousands)		
2006				
March	78	45	3	30
April	78	45	3	29
May	72	43	3	26
June	69	42	3	24
July	70	43	3	24
August	68	41	3	25
September	71	40	3	27
October	74	42	3	29
November	77	44	3	30
December	54	30	2	22
2007				
January	84	54	3	27
February	75	45	3	27
March	85	50	3	32
		Average monthly benefit (dollars)		
2006				
March	741.70	791.60	728.80	667.30
April	734.40	782.40	711.90	662.10
May	726.90	770.40	708.00	657.50
June	729.80	777.60	717.50	646.70
July	733.90	781.90	718.10	650.60
August	726.00	771.60	719.70	652.10
September	727.10	779.40	702.70	653.70
October	732.50	785.20	707.80	659.00
November	730.80	780.70	716.60	659.80
December	774.50	826.50	736.20	707.90
2007				
January	844.50	920.80	739.00	700.70
February	774.90	827.70	726.30	693.20
March	766.70	816.40	741.80	691.00

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTE: Award actions are processed not only for new beneficiaries but also for persons already on the rolls whose benefits in one category are terminated but who become entitled to another type of benefit. These actions are called conversions. Benefit conversions are included in the data, except for conversions of benefits for children of retired workers to benefits for children of deceased workers upon the death of the worker.

a. Includes nondisabled widow(er)s aged 60 or older, disabled widow(er)s aged 50 or older, and dependent parents of deceased workers aged 62 or older.

b. A widow(er) or surviving divorced parent caring for the entitled child of a deceased worker who is under age 16 or is disabled.

CONTACT: Jessica Guillory (410) 966-6543 for further information.

Table 10.
DI benefits, by type of beneficiary, March 2006–March 2007

Month	All beneficiaries	Disabled workers	Spouses	Children
		Number (thousands)		
2006				
March	121	65	5	51
April	118	68	4	45
May	112	67	4	41
June	114	70	4	40
July	116	73	4	39
August	119	73	4	41
September	122	74	4	43
October	124	76	4	43
November	122	73	4	45
December	79	48	3	28
2007				
January	95	59	4	32
February	103	64	4	35
March	116	70	4	43
		Average monthly benefit (dollars)		
2006				
March	629.10	991.10	240.70	207.70
April	677.70	993.00	249.20	238.00
May	692.10	994.70	247.90	239.30
June	705.10	997.20	256.70	237.90
July	716.60	998.90	255.00	242.50
August	708.90	995.90	254.20	247.90
September	706.90	1,001.00	263.50	252.60
October	716.70	1,001.80	256.40	259.80
November	694.80	986.40	256.30	257.50
December	737.90	1,025.20	271.30	291.30
2007				
January	746.30	1,028.30	273.90	290.40
February	747.30	1,023.20	275.10	282.50
March	719.20	1,018.60	266.50	272.60

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTE: Award actions are processed not only for new beneficiaries but also for persons already on the rolls whose benefits in one category are terminated but who become entitled to another type of benefit. These actions are called conversions and are included in the data.

CONTACT: Jessica Guillory (410) 966-6543 for further information.

Supplemental Security Income
March 2006–March 2007

SSI Federally Administered Payments

Table 1. Recipients (by type of payment), total payments, and average monthly payment
Table 2. Recipients, by eligibility category and age
Table 3. Recipients of federal payment only, by eligibility category and age
Table 4. Recipients of federal payment and state supplementation, by eligibility category and age
Table 5. Recipients of state supplementation only, by eligibility category and age
Table 6. Total payments, by eligibility category, age, and source of payment
Table 7. Average monthly payment, by eligibility category, age, and source of payment

Awards of SSI Federally Administered Payments

Table 8. All awards, by eligibility category and age of awardee

The SSI Monthly Statistics are also available at http://www.socialsecurity.gov/policy/docs/statcomps/ssi_monthly/index.html.

Table 1.
Recipients (by type of payment), total payments, and average monthly payment, March 2006–March 2007

Month	Number of recipients				Total payments [a] (thousands of dollars)	Average monthly payment [b] (dollars)
	Total	Federal payment only	Federal payment and state supplementation	State supplementation only		
2006						
March	7,148,219	4,907,646	1,956,875	283,698	3,429,386	451.90
April	7,176,542	4,923,709	1,960,980	291,853	3,457,763	454.40
May	7,195,614	4,937,869	1,965,006	292,739	3,498,880	452.80
June	7,178,463	4,924,336	1,960,718	293,409	3,403,658	454.30
July	7,201,717	4,941,783	1,966,000	293,934	3,402,710	453.00
August	7,236,907	4,967,298	1,974,758	294,851	3,477,257	452.00
September	7,228,911	4,960,544	1,972,575	295,792	3,433,854	453.50
October	7,267,526	4,989,972	1,980,985	296,569	3,486,391	452.80
November	7,243,035	4,971,677	1,974,043	297,315	3,391,912	452.40
December	7,235,583	4,967,004	1,971,686	296,893	3,499,569	454.80
2007						
January	7,278,616	5,001,693	1,982,999	293,924	3,558,160	466.70
February	7,289,764	5,010,594	1,985,260	293,910	3,566,305	465.60
March	7,286,345	5,007,291	1,984,953	294,101	3,591,053	468.00

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month.

a. Includes retroactive payments.

b. Excludes retroactive payments.

CONTACT: Art Kahn (410) 965-0186 for further information.

Table 2.
Recipients, by eligibility category and age, March 2006–March 2007

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
2006						
March	7,148,219	1,213,020	5,935,199	1,047,220	4,104,585	1,996,414
April	7,176,542	1,215,987	5,960,555	1,059,959	4,115,087	2,001,496
May	7,195,614	1,216,573	5,979,041	1,064,515	4,128,127	2,002,972
June	7,178,463	1,215,593	5,962,870	1,058,367	4,117,392	2,002,704
July	7,201,717	1,217,219	5,984,498	1,069,361	4,125,961	2,006,395
August	7,236,907	1,219,032	6,017,875	1,074,153	4,151,728	2,011,026
September	7,228,911	1,218,015	6,010,896	1,071,936	4,146,873	2,010,102
October	7,267,526	1,219,883	6,047,643	1,083,657	4,170,339	2,013,530
November	7,243,035	1,218,298	6,024,737	1,078,270	4,153,086	2,011,679
December	7,235,583	1,211,656	6,023,927	1,078,977	4,152,130	2,004,476
2007						
January	7,278,616	1,215,149	6,063,467	1,090,447	4,176,511	2,011,658
February	7,289,764	1,213,573	6,076,191	1,095,222	4,183,744	2,010,798
March	7,286,345	1,211,572	6,074,773	1,091,061	4,184,852	2,010,432

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month.

CONTACT: Art Kahn (410) 965-0186 for further information.

Table 3.
Recipients of federal payment only, by eligibility category and age, March 2006–March 2007

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
2006						
March	4,907,646	629,944	4,277,702	831,549	2,951,994	1,124,103
April	4,923,709	629,572	4,294,137	841,795	2,957,498	1,124,416
May	4,937,869	629,067	4,308,802	845,709	2,967,984	1,124,176
June	4,924,336	627,517	4,296,819	840,836	2,960,621	1,122,879
July	4,941,783	627,750	4,314,033	849,864	2,967,520	1,124,399
August	4,967,298	627,849	4,339,449	853,941	2,987,241	1,126,116
September	4,960,544	626,529	4,334,015	852,006	2,983,867	1,124,671
October	4,989,972	627,002	4,362,970	862,107	3,001,785	1,126,080
November	4,971,677	625,660	4,346,017	858,145	2,989,092	1,124,440
December	4,967,004	621,081	4,345,923	858,917	2,989,045	1,119,042
2007						
January	5,001,693	623,434	4,378,259	868,577	3,009,150	1,123,966
February	5,010,594	621,840	4,388,754	872,744	3,015,191	1,122,659
March	5,007,291	620,032	4,387,259	869,362	3,016,061	1,121,868

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month.

CONTACT: Art Kahn (410) 965-0186 for further information.

Table 4.
Recipients of federal payment and state supplementation, by eligibility category and age, March 2006–March 2007

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
2006						
March	1,956,875	485,222	1,471,653	213,492	1,011,014	732,369
April	1,960,980	486,300	1,474,680	215,768	1,011,259	733,953
May	1,965,006	486,919	1,478,087	216,353	1,013,568	735,085
June	1,960,718	487,141	1,473,577	215,078	1,010,031	735,609
July	1,966,000	488,231	1,477,769	217,061	1,011,549	737,390
August	1,974,758	489,656	1,485,102	217,672	1,017,258	739,828
September	1,972,575	489,569	1,483,006	217,346	1,015,385	739,844
October	1,980,985	490,748	1,490,237	218,977	1,020,390	741,618
November	1,974,043	490,349	1,483,694	217,498	1,015,406	741,139
December	1,971,686	487,844	1,483,842	217,437	1,015,345	738,904
2007						
January	1,982,999	490,703	1,492,296	219,437	1,020,363	743,199
February	1,985,260	490,351	1,494,909	220,176	1,021,869	743,215
March	1,984,953	490,150	1,494,803	219,375	1,021,950	743,628

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month.

CONTACT: Art Kahn (410) 965-0186 for further information.

Table 5.
Recipients of state supplementation only, by eligibility category and age, March 2006–March 2007

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
2006						
March	283,698	97,854	185,844	2,179	141,577	139,942
April	291,853	100,115	191,738	2,396	146,330	143,127
May	292,739	100,587	192,152	2,453	146,575	143,711
June	293,409	100,935	192,474	2,453	146,740	144,216
July	293,934	101,238	192,696	2,436	146,892	144,606
August	294,851	101,527	193,324	2,540	147,229	145,082
September	295,792	101,917	193,875	2,584	147,621	145,587
October	296,569	102,133	194,436	2,573	148,164	145,832
November	297,315	102,289	195,026	2,627	148,588	146,100
December	296,893	102,731	194,162	2,623	147,740	146,530
2007						
January	293,924	101,012	192,912	2,433	146,998	144,493
February	293,910	101,382	192,528	2,302	146,684	144,924
March	294,101	101,390	192,711	2,324	146,841	144,936

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month.

CONTACT: Art Kahn (410) 965-0186 for further information.

Table 6.
Total payments, by eligibility category, age, and source of payment, March 2006–March 2007
(in thousands of dollars)

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
			All sources			
2006						
March	3,429,386	445,281	2,984,105	595,670	2,095,609	738,107
April	3,457,763	452,522	3,005,241	602,848	2,105,733	749,182
May	3,498,880	453,285	3,045,595	605,886	2,142,144	750,851
June	3,403,658	451,647	2,952,011	593,359	2,061,667	748,632
July	3,402,710	451,965	2,950,745	594,664	2,058,487	749,559
August	3,477,257	453,780	3,023,477	601,083	2,123,065	753,109
September	3,433,854	452,851	2,981,003	597,952	2,084,138	751,765
October	3,486,391	454,275	3,032,117	606,005	2,126,343	754,043
November	3,391,912	453,480	2,938,432	590,079	2,048,628	753,206
December	3,499,569	453,529	3,046,040	610,874	2,134,335	754,360
2007						
January	3,558,160	465,101	3,093,060	626,086	2,156,920	775,154
February	3,566,305	463,945	3,102,360	627,032	2,165,106	774,167
March	3,591,053	464,588	3,126,465	633,981	2,180,788	776,284
			Federal payments			
2006						
March	3,089,482	352,041	2,737,441	580,193	1,911,287	598,003
April	3,092,539	352,000	2,740,539	584,996	1,909,320	598,223
May	3,130,726	352,412	2,778,314	587,781	1,943,559	599,386
June	3,041,638	351,021	2,690,617	575,686	1,868,514	597,438
July	3,040,625	351,139	2,689,486	577,019	1,865,482	598,123
August	3,109,243	352,381	2,756,863	583,082	1,925,461	600,700
September	3,069,498	351,679	2,717,819	580,209	1,889,573	599,716
October	3,117,929	352,689	2,765,240	587,957	1,928,534	601,439
November	3,025,977	351,190	2,674,787	572,508	1,854,097	599,373
December	3,130,803	351,915	2,778,887	592,877	1,936,436	601,490
2007						
January	3,189,631	363,156	2,826,474	608,101	1,959,936	621,594
February	3,196,882	361,966	2,834,916	608,997	1,967,385	620,499
March	3,220,577	362,448	2,858,129	615,963	1,982,334	622,281

(Continued)

Table 6.
Continued

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
			State supplementation			
2006						
March	339,904	93,240	246,664	15,477	184,323	140,104
April	365,224	100,521	264,702	17,852	196,413	150,959
May	368,155	100,873	267,281	18,105	198,585	151,465
June	362,020	100,626	261,394	17,673	193,153	151,193
July	362,085	100,826	261,258	17,645	193,004	151,435
August	368,014	101,400	266,614	18,001	197,604	152,409
September	364,356	101,172	263,184	17,743	194,565	152,049
October	368,462	101,585	266,877	18,049	197,810	152,604
November	365,935	102,290	263,645	17,571	194,531	153,833
December	368,767	101,614	267,153	17,997	197,900	152,870
2007						
January	368,530	101,944	266,585	17,985	196,985	153,560
February	369,423	101,979	267,444	18,035	197,721	153,668
March	370,476	102,140	268,336	18,018	198,455	154,004

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month and include retroactive payments.

CONTACT: Art Kahn (410) 965-0186 for further information.

Table 7.
Average monthly payment, by eligibility category, age, and source of payment, March 2006–March 2007 (in dollars)

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
			All sources			
2006						
March	451.90	366.10	469.60	544.00	469.10	368.70
April	454.40	371.30	471.40	543.40	470.90	373.50
May	452.80	371.30	469.50	535.80	470.00	373.50
June	454.30	371.50	471.20	545.10	470.30	373.60
July	453.00	371.20	469.70	540.60	469.20	373.30
August	452.00	371.20	468.40	535.80	468.50	373.30
September	453.50	371.40	470.20	542.90	469.30	373.50
October	452.80	371.60	469.20	538.50	468.80	373.70
November	452.40	371.70	468.70	536.50	468.70	373.80
December	454.80	373.10	471.20	541.90	470.60	375.10
2007						
January	466.70	382.10	483.60	555.60	482.90	384.60
February	465.60	381.30	482.40	552.20	482.00	384.00
March	468.00	382.40	485.00	561.10	483.60	385.00
			Federal payments			
2006						
March	423.00	314.90	444.00	531.20	442.20	321.30
April	422.40	314.80	443.30	528.70	441.50	321.30
May	420.80	314.90	441.30	521.10	440.60	321.40
June	422.40	315.00	443.20	530.40	441.10	321.40
July	421.20	314.70	441.80	526.00	440.00	321.20
August	420.20	314.80	440.50	521.20	439.40	321.20
September	421.80	314.90	442.30	528.50	440.20	321.40
October	420.90	314.90	441.20	524.00	439.60	321.30
November	420.60	314.90	440.80	522.10	439.60	321.40
December	423.10	316.50	443.40	527.40	441.60	322.90
2007						
January	435.10	325.60	455.90	541.00	454.10	332.40
February	434.10	324.80	454.70	537.60	453.30	331.90
March	436.50	325.80	457.40	546.60	454.80	332.80

(Continued)

Table 7.
Continued

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
			State supplementation			
2006						
March	145.50	158.70	140.80	67.20	149.60	159.40
April	156.10	170.30	151.10	77.20	159.70	171.00
May	156.00	170.20	151.00	77.10	159.70	170.90
June	156.00	170.10	151.10	77.30	159.60	170.80
July	155.80	170.00	150.80	76.90	159.40	170.70
August	155.70	170.00	150.70	77.00	159.30	170.70
September	155.80	170.00	150.80	76.90	159.40	170.70
October	156.20	170.50	151.10	76.90	159.80	171.20
November	156.20	170.60	151.20	77.00	159.70	171.20
December	156.20	170.60	151.20	77.00	159.80	171.30
2007						
January	156.60	171.10	151.40	76.90	160.10	171.90
February	156.40	171.00	151.30	76.80	159.90	171.80
March	156.70	171.30	151.50	77.00	160.10	172.00

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month and exclude retroactive payments.

CONTACT: Art Kahn (410) 965-0186 for further information.

Table 8.
All awards, by eligibility category and age of awardee, March 2006–March 2007

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
2006						
March	65,026	8,701	56,325	12,959	43,243	8,824
April	66,603	10,064	56,539	12,884	43,535	10,184
May	77,908	9,379	68,529	16,536	51,841	9,531
June	67,266	9,844	57,422	13,878	43,409	9,979
July	65,490	9,347	56,143	13,648	42,363	9,479
August	83,900	9,200	74,700	17,821	56,735	9,344
September	72,069	9,445	62,624	14,340	48,141	9,588
October	79,983	8,831	71,152	16,256	54,769	8,958
November	53,859	8,411	45,448	10,575	34,781	8,503
December	73,498	8,126	65,372	15,180	50,072	8,246
2007						
January	64,483	7,710	56,773	13,353	43,313	7,817
February [a]	65,984	9,014	56,970	13,370	43,473	9,141
March [a]	66,844	7,875	58,969	13,776	45,058	8,010

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for all awards made during the specified month.

a. Preliminary data. In the first 2 months after their release, numbers may be adjusted to reflect returned checks.

CONTACT: Art Kahn (410) 965-0186 for further information.

Instructions for Authors Writing for the "Perspectives" Section of the *Social Security Bulletin*

The *Social Security Bulletin's* "Perspectives" section welcomes rigorous, clearly written manuscripts from persons in the social and behavioral sciences, as well as from those in the humanities and in other professions, particularly manuscripts that may have implications for social policy. We are especially interested in receiving scholarly research that contributes to an improved understanding of the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and the Supplemental Security Income (SSI) programs and issues related to their beneficiaries and contributors. We will interpret these subjects broadly and will also consider for publication articles on other countries' social insurance experiences.

The *Bulletin* is the quarterly research journal of the Social Security Administration. It has a broad readership of policymakers, government officials, academics, graduate and undergraduate students, business people, and other interested nonspecialists. This diverse readership cuts across academic disciplines and includes persons in technical as well as applied fields.

Therefore, when writing for the *Bulletin*, keep in mind that your audience will include readers who may not be familiar with existing academic literature. Present your material in a clear manner, without jargon. Articles should be factual and analytical, not polemical. You may include technical or mathematical exposition where relevant: findings and conclusions, however, must be written in a straightforward, nontechnical style. And the relevance of your conclusions to public policy should be explicitly stated.

We regard the submission of a manuscript as your implied commitment not to submit the paper to another publication while it is under consideration by the *Bulletin*. If you have published a related article elsewhere, you should state this in your cover letter to us.

Bulletin or "Perspectives" Policies

Authors planning to submit a manuscript should be aware of several policies related to publishing in the *Bulletin*.

Editorial Policy

The Bulletin's editorial policy regarding items submitted for the "Perspectives" section is comparable with that of other professional journals. Manuscripts will be rejected outright by the "Perspectives" Editor if they have obvious mistakes, are so poorly written that correctness cannot be determined, or are otherwise inappropriate for our journal. In such cases, we will return the manuscript as quickly as possible. Manuscripts accepted for consideration will be sent anonymously to two or more outside referees. The decision to publish will be based primarily on the recommendations of the referees.

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If your manuscript is accepted for publication, you will be asked to make your data available to others at a reasonable cost for a period of 3 years (starting 6 months after actual publication). Should you want to request an exception from this requirement, you must notify the "Perspectives" Editor when you submit your manuscript. (The use of confidential or proprietary data sets, for example, could prompt an exemption request.) If you do not request an exemption, we will assume that you have accepted this requirement.

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Authors are expected to disclose in their cover letter any potential conflicts of interest that may arise from their consulting or political activities, financial interests, or other nonacademic activities.

Preparing and Submitting the Manuscript

Manuscripts should typically be less than 10,000 words, including the text, the notes, and the references (and excluding the tables and charts). Type the manuscript on 8.5 by 11 inch white paper, with 1.5-inch margins on all sides. Number each page consecutively (in the bottom center), starting with the Title Page as page 1, and present materials in the order given in the Elements section, below.

Style Guide

Use the *Chicago Manual of Style*, 15th ed. (University of Chicago Press) as a guide for notes, citations, references, and table presentation.

Elements of the Manuscript

Title Page. Include the title of the article, the name of the author(s), the author's affiliation(s), and the author's address; include the name, postal address, e-mail address, fax, and telephone number of the person to whom correspondence should be directed. The Acknowledgments paragraph should also be on this page. In a separate paragraph within the acknowledgments, reveal the source of any financial or research support received in connection with the preparation of the article. Because manuscripts will undergo a double-blind review, remove all other identifying information from the rest of the manuscript before it is submitted. (Once the manuscript has been accepted for publication, you will be responsible for reinserting self-identifying citations and references when you prepare the manuscript for final submission.)

Synopsis. On page 2, reprint the title of the manuscript along with a synopsis (1–3 sentences) of the research question.

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Text. The actual text of the article should begin on a new page. The text should be prepared in Microsoft Word, printed in 12-point type, and double-spaced. Account for all table, chart, and graphic citations, but do not include actual placement within the text.

Notes. Number notes consecutively in the text and designate them using superscripts. Do not use notes for citation purposes, only for brief substantive comments. (See Chicago Manual of Style for citations.) All notes should be grouped together and printed in 12 point type, single-spaced, starting on a new page.

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Tables. Tables must be prepared in Microsoft Excel. When preparing the table, use a point size that is easily read. Make sure all tables are referenced in the text. Give each table a number and a title. Number the tables consecutively, in the order they are mentioned in the text. Place each table in a separate file. Notes for tables (including the Source note, which should be presented at the beginning of the table's notes) are independent of the rest of the manuscript and should be ordered using lowercase letters, beginning with the letter "a" in each chart. The sequence runs from left to right, top to bottom. The order of the notes as they appear below the tables is (1) Source, (2) general notes to the table, if any, and (3) letter notes. They may be single-spaced. A hard copy of each table should be printed and placed at the end of the manuscript.

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Submitting the Manuscript

Submit your manuscript along with a cover letter to perspectives@ssa.gov.

Accepted Manuscripts

Electronic Copies

After we have notified you that your work has been accepted for publication, e-mail your final revised manuscript to perspectives@ssa.gov. All elements and specifications (as defined herein) must be included with your final submittal. Manuscripts not adhering to guidelines will be determined not ready for publication. Be sure to reinsert any identifying information that you removed initially and include plotting data for each chart.

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If your article is appropriate to be indexed in the Journal of Economic Literature, include an abstract of not more than 150 words. The abstract should be double-spaced, in a separate file, and clearly labeled "JEL Abstract." The abstract should state the purpose of the study, the basic methodology, main findings, and conclusions. Below the abstract, supply 2-6 key words that are not in the title and the JEL classification number.

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Questions???

If you have questions regarding the mechanics of submitting a manuscript, please contact Karyn Tucker, Managing Editor of the Social Security Bulletin*,* at karyn.m.tucker@ssa.gov or .

If you have other questions, please contact Joyce Manchester, "Perspectives" Editor, at perspectives@ssa.gov or .

Program Highlights, 2007

Old-Age, Survivors, and Disability Insurance

Tax Rates for Employers and Employees, Each [a] (percent)	
Social Security	
Old-Age and Survivors Insurance	5.30
Disability Insurance	0.90
Subtotal, Social Security	6.20
Medicare (Hospital Insurance)	1.45
Total	7.65
Maximum Taxable Earnings (dollars)	
Social Security	97,500
Medicare (Hospital Insurance)	No limit
Earnings Required for Work Credits (dollars)	
One Work Credit (One Quarter of Coverage)	1,000
Maximum of Four Credits a Year	4,000
Earnings Test Annual Exempt Amount (dollars)	
Under Full Retirement Age for Entire Year	12,960
For Months Before Reaching Full Retirement Age in Given Year	34,440
Beginning with Month Reaching Full Retirement Age	No limit
Maximum Monthly Social Security Benefit for Workers Retiring at Full Retirement Age (dollars)	2,116
Full Retirement Age for Those Who Turn 65 in 2007	65 and 10 months
Cost-of-Living Adjustment (percent)	3.3

a. Self-employed persons pay a total of 15.3 percent—10.6 percent for OASI, 1.8 percent for DI, and 2.9 percent for Medicare.

Supplemental Security Income

Monthly Federal Payment Standard (dollars)	
Individual	623
Couple	934
Cost-of-Living Adjustment (percent)	3.3
Resource Limits (dollars)	
Individual	2,000
Couple	3,000
Monthly Income Exclusions (dollars)	
Earned Income [a]	65
Unearned Income	20
Substantial Gainful Activity (SGA) Level for the Nonblind Disabled (dollars)	900

a. The earned income exclusion consists of the first $65 of monthly earnings, plus one-half of remaining earnings.

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