istering assistance. They thus would receive care in the same way in which others receive it; the stigma and, typically, the inadequacy of "poor-law medicine" could be wiped out.

Contributions equivalent to about 3 percent of annual earnings would pay for adequate basic medical and hospital services for both workers and their dependents. A more comprehensive system would cost the equivalent of about 4 percent. These costs would be no more than now is spent by families on the average. They are less than the average expenditure by families in the low income groups, since, contrary to the general impression, low-income families spend, on the average, a larger proportion of their incomes for medical care than families in better circumstances, though—because of their more frequent and severe illness—they receive much less in relation to what they need.

Public discussion has centered around three alternative methods of providing medical care insurance. It has been suggested that it could be established on a State-by-State basis, without participation by the Federal Government. It could follow the pattern of unemployment compensation, in which Federal legislation gave inducement to States to enact laws and establish insurance systems. Or, following the analogy of old-age and survivors insurance, it could be established as a Federal system.

For reasons outlined in the following section of this report, the Board believes that it would be simplest, most economical, and most effective to establish comprehensive protection through Federal legislation, while providing authority to utilize State agencies and other facilities. In any event, administration of benefits should be so decentralized that all necessary arrangements with doctors, hospitals, and others would be worked out on a local basis. The general pattern of arrangements with hospitals and doctors should be developed with the collaboration of professional organizations and with careful regard for regional, State, and local circumstances. In each area of administration—local, State, and Federal—policies and operations should also be guided by advisory bodies representing those who pay the insurance contributions and those who provide the services.

The much-advertised fears of "socialized medicine," "regimentation" of doctors, hospitals, or patients, loss of the patient's freedom to choose his doctor, and deterioration of quality of care can be made wholly groundless. A system of medical care insurance can and should be so designed as to avoid these disadvantages. By making services readily available to those who need them, without fear of the costs, the quality and effectiveness of service may be improved, and the incomes of doctors and hospitals may be made better and more secure. If, at the same time, professional education, research, and the construction of needed facilities are financially aided, progress in medicine and improvement in national health can be greatly accelerated.

Why Beneficiaries Retire

By Edna C. Wentworth*

ONLY ABOUT 5 PERCENT of 2,380 men receiving old-age benefits, who were visited in 1941–42 by representatives of the Bureau of Old-Age and Survivors Insurance, said they retired and filed for benefits because they wished to do so and while they were in good health. More than half of the men, on the other hand, reported that they were laid off by their employers, and about a third stated that they had quit working because of illness or failing health.

These 2,380 men were part of a group of beneficiary families in 7 cities who were surveyed by the Bureau between May 1941 and July 1942 in a study to determine the extent to which the insurance benefits provide basic protection against want. The survey covered 750 beneficiary families in Philadelphia and Baltimore combined, 804 in St. Louis, 828 in the Southern cities of Birmingham, Memphis, and Atlanta combined, and 1,147 in Los Angeles. Earlier articles have discussed information obtained in these surveys from the primary beneficiaries and widows with entitled children concerning their income, the assets they possessed, their living arrangements, and the family composition of the household.[1]

This article deals specifically with the replies of the male primary beneficiaries to the question, "Why did you quit working in covered employment before you filed for benefits?" It should be borne in mind that this discussion relates to a relatively small group of insurance beneficiaries and to the situation found in a specific period of time. Application of the conclusions to all primary beneficiaries must be made with caution, and it must be remembered that the answers to this question were made with reference to employment conditions in 1938–40.

Months Elapsing Between Covered Employment and Entitlement

Nearly one-half to two-thirds of the men in the four surveys[2] reported that they had worked up to the time of entitlement or to within a month of it (table 1), although the data do not indicate how steady this employment had been during the years prior to entitlement. At the opposite extreme, the relative number of beneficiaries who terminated their covered employment 13 to 25 months before they became entitled to benefits ranged from 6 to 13 percent among the four surveys.

The wide range in the number of months was attributable in part to the 1939 amendments to the Social Security Act under which any person who had already reached age 65 or would attain age 65 during the first half of 1940 would need only 6 quarters of coverage to acquire insured status.

*Bureau of Old-Age and Survivors Insurance, Analysis Division.

[1] Wentworth, Edna C., "Economic and Social Status of Beneficiaries of Old-Age and Survivors Insurance," *Social Security Bulletin*, Vol. 6, No. 7 (July 1943), pp. 3–20; and Malitsky, Marie C., "Resources of Old-Age and Survivors Insurance Beneficiaries in Three Southern Cities," Vol. 6, No. 9 (September 1943), pp. 3–17. These articles should be consulted for discussion of the purpose of the surveys, methods of selecting the sample, definitions, concepts, and general analyses.

[2] Data from the Philadelphia and Baltimore surveys were combined—as were those for Atlanta, Birmingham, and Memphis—to give samples allowing more significant analyses.

Men 65 and 66 years of age at entitlement could have obtained their sixth quarter of coverage by the middle of 1938 and therefore could have been out of employment 2 years between their last job in covered employment and their entitlement in 1940. However, wages earned in the period between the quarter in which a worker attained age 65 and January 1939 were not taxed or included in the computation of quarters of coverage. Therefore beneficiaries who were aged 67 or 68 at entitlement could not have obtained their sixth quarter of coverage until some time in 1939 at the earliest, and so could have had less unemployment preceding entitlement than those 65 or 66 years of age, while those 69 years or over required almost continuous employment after January 1939 in order to obtain their 6 quarters of coverage.

Since all the primary beneficiaries visited in 1941–42 became entitled in 1940, a marked difference in the number of months elapsing between the last covered employment prior to entitlement and entitlement is found between the age groups. In St. Louis, Los Angeles, Birmingham, Memphis, and Atlanta, 8–15 percent of the men 65 or 66 years of age at entitlement reported from 13 to 25 months elapsing between the termination of their last covered employment and entitlement. In Philadelphia and Baltimore the proportion was higher, 19–20 percent. Of those 67 or 68 years at entitlement, on the other hand, only 1 percent in the three Southern cities and from 5 to 8 percent in the other three surveys reported more than 6 months. The men 69 years or over at entitlement were out of covered employment for even a shorter period of time, not more than 3 months elapsing between covered employment and entitlement for those in Philadelphia and Baltimore and the Southern cities. In St. Louis, 2 percent reported 4 to 6 months, and in Los Angeles, 7 percent reported 4 to 9 months.

Since beneficiaries 69 years or over at entitlement had stayed in the labor market longer and had had less unemployment preceding entitlement than the younger beneficiaries, their average monthly wages were generally higher. Therefore, the men 69 years or over at entitlement had, on the average, higher primary benefits than the men 65–68 years of age. If they were married, their wives were generally entitled to wife's benefits. Moreover, their permanent income was usually higher, and their longer period of employment often resulted in larger assets than in the case of the younger beneficiaries.

Reasons Given for Retiring

The replies to the question "Why did you quit working before you filed for benefits?" appeared to be candid, although sometimes tinged with bitterness. It might have been assumed that a proud person would not admit that he had been laid off by his employer, or that a man who rebelled against the disabling effects of advancing years would not report that ill health had forced him to quit working. Undoubtedly, the reasons reported by the beneficiaries for terminating their covered employment before entitlement include such biases, but the consistency between these replies and answers to other questions indicates such biases to be relatively insignificant.

In general, the various reasons given by the beneficiaries for leaving their last covered employment before they filed for benefits fell into two main groups, depending on whether the termination was voluntary or involuntary. Voluntary reasons, which include all instances in which the decision to quit was made by the beneficiary even though he may have resented the conditions which made it necessary, are divided into two categories, "health" and "other personal reasons." Involuntary reasons include all cases in which the worker was notified by his employer that his services were to be terminated.

From 40 to 47 percent of the male primary beneficiaries reported voluntarily retiring from work and filing for benefits (table 2). Approximately one-third reported reasons which were classified as "health." Health reasons include reports of chronic illnesses, such as heart disease, arthritis, and failing vision, and acute illnesses, such as pneumonia and cancer. They also include such reasons as "old age," if the beneficiary quit his job of his own accord, "needed a rest," "felt tired," or "considered the work to hard." As

Table 1.—*Percentage of male primary beneficiaries reporting specified number of months elapsing between termination of covered employment prior to entitlement and entitlement, by age at entitlement, four surveys*

Age at entitlement (years)	Average number of months	Total number of persons	Percentage distribution by specified number of months							
			Total	Less than 1	1–3	4–6	7–9	10–12	13–18	19–25
	Philadelphia and Baltimore									
Total	4.2	508	100.0	48.4	18.2	9.6	6.5	3.9	10.6	2.8
65	5.8	282	100.0	33.7	19.5	12.8	8.5	6.4	15.2	3.9
66	5.8	69	100.0	21.6	33.4	11.6	7.2	2.9	16.0	4.3
67–68	1.3	53	100.0	69.8	13.3	9.4	7.5	-	-	-
69 and over	.1	104	100.0	93.3	6.7	-	-	-	-	-
	St. Louis									
Total	2.4	550	100.0	64.0	15.1	6.5	5.1	3.1	3.6	2.6
65	5.2	170	100.0	41.8	13.5	11.2	10.6	7.6	8.8	6.5
66	3.1	99	100.0	50.5	21.2	11.1	6.1	3.0	5.1	3.0
67–68	1.0	88	100.0	73.9	18.2	2.3	4.5	1.1	-	-
69 and over	.3	193	100.0	86.0	11.9	2.1	-	-	-	-
	Birmingham, Memphis, and Atlanta									
Total	2.4	561	100.0	66.4	12.9	5.9	4.3	3.4	4.8	2.3
65	4.5	185	100.0	47.0	15.2	7.6	9.2	8.1	8.6	4.3
66	4.1	108	100.0	50.9	14.8	10.2	5.6	3.7	10.2	4.6
67–68	1.0	125	100.0	80.0	12.8	6.4	.8	-	-	-
69 and over	.1	146	100.0	91.1	8.9	-	-	-	-	-
	Los Angeles									
Total	3.3	758	100.0	50.8	19.0	10.6	7.3	4.2	5.0	3.1
65	4.8	331	100.0	40.2	16.6	12.7	10.9	6.6	7.9	5.1
66	4.3	148	100.0	37.7	23.6	12.2	8.8	6.8	6.8	4.1
67–68	1.6	114	100.0	62.3	21.9	10.5	2.6	-	1.8	.9
69 and over	.6	165	100.0	75.8	17.6	4.8	1.8	-	-	-

might be expected, the proportion reporting health reasons increased with age at entitlement, although the increase was not great; 38–44 percent of the men 69 years of age or over reported ill health, in contrast to 26–34 percent of the men aged 65 and 66. A few of the men who quit because of their health later recovered and returned to their old jobs; others got part-time jobs or earned small amounts at casual labor; but the great majority of this group appeared to be permanently out of the labor market. Because failing health was also a factor in terminations initiated by the employer, the one-third whose replies were classified as "health" is somewhat of an understatement of the proportion of beneficiaries who were forced to leave their full-time, customary jobs because of ill health.

From 4 to 13 percent of the beneficiaries reported various other personal reasons for quitting. Of the 249 men in this category in the 7 cities, almost half (113) quit work in order to retire and enjoy their leisure. Of the remaining 136 men, 49 quit because of dissatisfaction with the nature of their jobs or their remuneration, and 23 because they disliked their bosses; 3 filed for benefits when they went on a strike; 14 resigned in order to care for their wives who were ill, and 8 in order to move to another city. Thirty-nine men continued to work, 12 on the same job but on a part-time basis with earnings of less than $15 a month, and 27 in noncovered employment.

More than half (53–60 percent) of the beneficiaries reported involuntary loss of job. Their replies included such statements as, "I was laid off because of my age," or "My employer thought me too old," or "I reached the retirement age of the company and was laid off." In some cases the worker's failing health was undoubtedly responsible for the employer's decision to lay him off; in other cases a rigid retirement policy of the company forced the retirement of physically able persons. Most of the beneficiaries left their covered employment in 1940, although at least 10 percent found themselves out of work earlier. In 1940 a substantial proportion of the labor force was still unemployed, and the practice, prevalent during the depression years, of retiring aged workers in order to make jobs available for younger persons still persisted. In a few instances, beneficiaries found themselves out of work because the firm had gone out of business or because, in a reorganization, the new employer did not retain the aged workers. Occasionally, a technological change had made it unprofitable to employ aged persons. A few of the beneficiaries (8–17 percent in the four surveys)[3] were retired with retirement pay, but the large majority were simply laid off. Some of these men were later called back to their old jobs under pressure of war contracts and a diminishing labor force. Others got jobs requiring less skill or physical exertion than their former work had demanded.

Two hundred and four men (6–13 percent in the four surveys) had terminated their covered employment more than a year before they became entitled to benefits. It might have been assumed that ill health had forced most of these men out of the labor market. This was not the case, however; when the comparison was made by age at entitlement, no difference was found in the proportion reporting "health" as a reason for retirement between those quitting work more than a year before entitlement and those who worked up to the time of filing for benefits.

The fact that only 3–6 percent of the beneficiaries retired voluntarily in order to enjoy leisure is significant in evaluating the part old-age insurance benefits have played in influencing aged workers to leave the labor market. Hence, a more detailed examination of the 113 men in the 4 surveys who retired in the usual sense of the word is of value.

Only two-thirds of the 113 men were retired in the survey year, for one-third (38) had gone back to work during the year—1 to 2½ years after entitlement. It is interesting to note that a large percentage of the 113 men

[3] Some of the beneficiaries (3–10 percent) who quit their jobs voluntarily also received retirement pay.

Table 2.—*Percentage distribution of beneficiaries by reasons for termination of covered employment prior to entitlement, by age at entitlement, four surveys*

Age at entitlement (years)	Total number	Percentage distribution by specified reason						
		Total	Quit job			Lost job		
			Total	Health	Other personal reasons	Total	Retired by company [1]	Other company reasons
		Philadelphia and Baltimore						
Total	508	100.0	39.8	35.5	4.3	60.2	16.7	43.5
65	282	100.0	38.3	34.0	4.3	61.7	17.4	44.3
66	69	100.0	34.8	31.9	2.9	65.2	2.9	62.3
67–68	53	100.0	37.7	32.0	5.7	62.3	11.3	51.0
69 and over	104	100.0	48.1	43.3	4.8	51.9	26.9	25.0
		St. Louis						
Total	550	100.0	46.4	35.9	10.5	53.6	9.1	44.5
65	170	100.0	41.2	28.8	12.4	58.8	5.9	52.9
66	99	100.0	44.4	31.3	13.1	55.6	3.0	52.6
67–68	88	100.0	52.3	42.0	10.3	47.7	5.7	42.0
69 and over	193	100.0	49.2	41.4	7.8	50.8	16.6	34.2
		Birmingham, Memphis, and Atlanta						
Total	564	100.0	46.6	34.2	12.4	53.4	7.8	45.6
65	185	100.0	45.4	32.4	13.0	54.6	8.6	46.0
66	108	100.0	46.3	30.6	15.7	53.7	9.3	44.4
67–68	125	100.0	40.8	28.8	12.0	59.2	7.2	52.0
69 and over	146	100.0	53.4	43.8	9.6	46.6	6.2	40.4
		Los Angeles						
Total	758	100.0	44.1	31.0	13.1	55.9	8.4	47.5
65	331	100.0	39.6	26.3	13.3	60.4	11.8	48.6
66	148	100.0	39.2	29.1	10.1	60.8	6.1	54.7
67–68	114	100.0	57.0	37.7	19.3	43.0	3.5	39.5
69 and over	165	100.0	48.5	37.6	10.9	51.5	7.3	44.2

[1] Retired with retirement pay. From 3 to 10 percent of the beneficiaries who voluntarily quit their jobs also received retirement pay.

retired and filed for benefits when the income they could count upon was very low. For example, 48 of the 113 men quit working when the anticipated income of the beneficiary group [4] was less than $600, but 25 of these 48 men had gone back to work in the survey year in order to increase their incomes.

A few men whose anticipated income was low said they had retired of their own accord in order to avoid the inevitable notice that they had reached the company's retirement age and would be laid off. A few men in Los Angeles retired from work at age 65 because of California's liberal old-age assistance program. The interviewer commented in one case:

Mr. S worked as a dishwasher, but his work was not steady and he felt he would be better off receiving old-age assistance and old-age insurance benefits, so he quit his job. Mr. S believes he could do light work, but he has not tried to get any; he estimates a job would have to pay him $75 a month before it would be worth his while to take it and have his benefits and old-age assistance payments suspended. His income in the survey year was $478.

Mr. L is an example of a beneficiary whose income, though low, met his needs:

Mr. L, a Negro coal loader, quit work at age 65 because he was entitled to a monthly benefit of $23.88. He lived alone in a shack for which he paid $6 a month. With the $12 he had earned at odd jobs during the year he seemed to get along.

Some men who quit their employment and filed for benefits under the impression that their income would be sufficient to meet their expenses found within a short time that it was too little. The following reports are illustrative:

Mr. J had originally filed a claim for old-age insurance benefits thinking he would receive a higher benefit than the $21.16 to which he became entitled. Since he could not live on this small amount, he had returned to his former job, but on a part-time basis. The income of Mr. J and his wife in the survey year was $1,657, of which $1,197 came from his job, $80 from unemployment compensation, and $200 from gifts from a brother outside the family. His benefits had been suspended during the entire year because of his earnings in covered employment.

Mr. P was a plane operator in the lumber industry. He quit working at age 65 and filed for his benefits of $13.46. Since Mr. and Mrs. P owned their home and raised garden produce and chickens, Mr. P had thought their benefits would meet their needs. The amount proved to be inadequate, however, so Mr. P returned to the lumber yard on a part-time basis, earning $14.50 a month (not sufficient to cause his benefits to be suspended).

Mr. B retired as an examiner in a coal mine at the age of 65, and he and Mrs. B moved to Los Angeles. There they invested $1,500, practically their entire fortune, in a $6,200 house. They rented two rooms, using the income from roomers to meet payments on the mortgage. Mr. B said that those payments and the operating expenses usually took all the income from roomers and about half the benefit check of $31.01. Whenever an emergency arose, the payments on the mortgage were defaulted.

More than half (65) of the 113 men who retired voluntarily had permanent sources of income, including insurance benefits of $600 or more a year. However, 13 of the 65 reported earnings from employment in the survey year. In a few cases, the earnings resulted from past business connections and involved one or two transactions in the survey year. For example:

Mr. R retired in 1938 as a store manager but later returned to work in order to qualify for old-age insurance benefits. During the survey year he received $1,000 as a commission from a business associate to whom he recommended a business opportunity. His income in the survey year was $2,584, $490 derived from insurance benefits, $1,094 from income from assets, and $1,000 from his business activity. His assets were valued at $18,320 at the end of the year. In addition Mr. R carried a $10,000 life insurance policy.

Mr. N received $200 in the year resulting from the renewal of insurance policies he had formerly handled. His income from insurance benefits, retirement pay, and assets was $1,673. He declared he was unable to hold a job because of poor health.

A few of the 65 beneficiaries accepted part-time jobs, sometimes to accommodate a former employer, often to increase their income.

Mr. S, for example, retired from his position as a clothing salesman at the age of 67 and filed for benefits of $19.81 in January 1940. Shortly thereafter, his former employer asked him to work on Saturdays and help relieve their labor shortage. Mr. S lived alone in a hotel room for which he paid $60 a month. His income for the year was $901, of which $238 came from the insurance benefit, $172 from earnings, and $491 from income from assets. He withdrew $800 of his savings to meet his living expenses, but at the end of the survey year his assets totaled $6,726.

Occasionally a resourceful person developed a business for himself, partly to increase his income but also partly to occupy his spare time. For example:

Mr. P retired at age 65 from his job as salesman for an oil company. He found time hanging heavy and became interested in buying used automobiles, reconditioning and reselling them. His net income from this enterprise was $653. In addition, $1,221 was received as retirement pay, $1,063 income from assets, and $429 from insurance benefits. The net value of Mr. and Mrs. P's assets was $12,662, exclusive of life insurance policies with face values totaling $8,000.

Many of the beneficiaries with high income from permanent sources had no wish to return to work at any wage. Mr. K is an example of a beneficiary with adequate resources who retired because he "just wanted to," and he was enjoying his life of leisure. The cash income of Mr. and Mrs. K was $1,511, $480 derived from a union pension, $389 from assets, and $642 from

Table 3.—*Percentage distribution of white and Negro beneficiaries by reasons for termination of covered employment prior to entitlement, Birmingham, Memphis, and Atlanta*

Race	Total number	Percentage distribution by specified reason							
		Total	Quit job			Lost job		
			Total	Health	Other personal reasons	Total	Retired by company [1]	Other company reasons
Total	564	100.0	46.6	34.2	12.4	53.4	7.8	45.6
White	374	100.0	51.3	36.6	14.7	48.7	9.1	39.6
Negro	190	100.0	37.4	29.5	7.9	62.6	5.3	57.3

[1] Retired with retirement pay. Some beneficiaries who voluntarily quit their jobs also received retirement pay.

[4] Includes income from assets, retirement pay, private annuities and union retirement pay, veterans' pension, 12 months' insurance benefit, and imputed rent of owner-occupied home. The beneficiary group includes the primary beneficiary, his wife, and unmarried children under 18 living at home.

Table 4.—*Percentage distribution of white and Negro beneficiaries by age at entitlement, Birmingham, Memphis, and Atlanta*

Age at entitlement (years)	Percentage distribution		
	Total	White	Negro
Total number	564	374	190
Total percent	100.0	100.0	100.0
65	32.8	34.5	29.5
66	19.1	16.0	25.3
67–68	22.2	21.7	23.2
69 and over	25.9	27.8	22.1

insurance benefits. They lived in their home, which they owned clear. Their total assets amounted to $21,375.

Negro and White Workers

A comparison of reasons for termination between Negro and white male primary beneficiaries is possible only for Birmingham, Memphis, and Atlanta, where 190 Negro and 374 white men were included in the survey. In these 3 cities a higher proportion (63 percent) of Negro primary beneficiaries than of the white men (49 percent) were laid off by their employers, and a smaller proportion of the Negroes reported ill health—30 as against 37 percent (table 3).

The difference in reasons for terminating covered employment may be partly explained by the age distribution of the two races, as proportionately more white than Negro men (28 as against 22 percent) were 69 years of age or over at entitlement. This fact would account somewhat for the more frequent report of ill health by the white men (table 4).

Probable Reasons for Retirement in 1943 or 1944

If men entitled to benefits in 1943 or 1944 had been asked why they stopped work and filed for benefits, it is probable that a smaller proportion would have reported, "Laid off by my employer because of my age," and a much larger proportion would have given "poor health" as the immediate cause. This conclusion is borne out by the fact that each year since 1940 an increasing proportion of workers who meet the requirements of eligibility for monthly benefits remained at work instead of filing for benefits, as is shown in table 5.

Reemployment

Neither ill health nor lay-offs kept some of the men out of the labor market permanently. From 17 to 34 percent of the male primary beneficiaries in the four surveys who terminated their covered employment before entitlement because of their health reported earnings from employment in the survey year (table 6). As might be expected, a larger proportion of the men who reported other personal reasons (36–60 percent) or who were laid off (30–50 percent) returned to work in the year. About the same proportion of the beneficiaries who left work 13 or more months before their entitlement for these three reasons also returned to work during the survey year.

The extent to which beneficiaries returned to work during the year covered by the survey was affected by various factors, such as their age, ability to work, opportunities for reemployment, the economic resources of the beneficiary groups, and the beneficiaries' financial responsibilities and living arrangements. These points will be discussed in a subsequent article.

Table 5.—*Workers 65 years of age and over who could have become entitled to monthly benefits during year, 1940–43* [1]

Year	Workers who could have become entitled during year		
	Total number	Workers not filing	
		Number	Percent
1940	570,000	427,000	74.9
1941	591,000	480,000	81.2
1942	643,000	544,000	84.6
1943	719,000	632,000	87.9

[1] Estimated by the Actuarial Section of the Bureau of Old-Age and Survivors Insurance on the basis of claims and employment data.

Table 6.—*Percent of beneficiaries terminating their covered employment prior to entitlement for specified reasons who were employed during the survey year, four surveys*

Survey	Percent beneficiaries reporting specified reason			
	Total	Health	Other personal reasons	Laid off by employer
Philadelphia and Baltimore	25.4	16.7	35.4	29.7
St. Louis	37.6	25.4	44.8	44.1
Birmingham, Memphis, and Atlanta	45.6	34.2	60.0	49.5
Los Angeles	38.1	29.4	42.4	42.0