

TABLE 2—Minimum and maximum monthly old-age benefits payable to individuals who retired at age 65, 1940-77

Year of attainment of age 65 <sup>1</sup>	Minimum benefit		Maximum benefit			
	Payable at the time of retirement	Payable effective June 1976	Payable at the time of retirement		Payable effective June 1976	
			Men <sup>2</sup>	Women	Men <sup>2</sup>	Women
1940	\$10 00	\$107 90	\$41 20	- -	\$208 80	- - - -
1941	10 00	107 90	41 60	- -	208 80	- - - -
1942	10 00	107 90	42 00	- -	211 40	- - - -
1943	10 00	107 90	42 40	- -	211 40	- - - -
1944	10 00	107 90	42 80	- -	213 60	- - - -
1945	10 00	107 90	43 20	- -	213 60	- - - -
1946	10 00	107 90	43 60	- -	216 30	- - - -
1947	10 00	107 90	44 00	- -	218 30	- - - -
1948	10 00	107 90	44 40	- -	218 30	- - - -
1949	10 00	107 90	44 80	- -	220 40	- - - -
1950	10 00	107 90	45 20	- -	223 20	- - - -
1951	20 00	107 90	68 50	- -	223 20	- - - -
1952	20 00	107 90	68 50	- -	223 20	- - - -
1953	25 00	107 90	85 00	- -	246 60	- - - -
1954	25 00	107 90	85 00	- -	246 50	- - - -
1955	30 00	107 90	98 50	- -	246 50	- - - -
1956	30 00	107 90	103 50	- -	260 40	- - - -
1957	30 00	107 90	108 50	- -	272 20	- - - -
1958	30 00	107 90	108 50	- -	272 20	- - - -
1959	33 00	107 90	116 00	- -	272 20	- - - -
1960	33 00	107 90	119 00	- -	279 10	- - - -
1961	33 00	107 90	120 00	- -	281 30	- - - -
1962	40 00	107 90	121 00	\$123 00	283 80	\$288 60
1963	40 00	107 90	122 00	125 00	286 20	293 00
1964	40 00	107 90	123 00	127 00	288 60	297 80
1965	44 00	107 90	131 70	135 90	288 60	297 80
1966	44 00	107 90	132 70	135 90	290 70	297 80
1967	44 00	107 90	135 90	140 00	297 60	306 70
1968	55 00	107 90	156 00	161 60	302 30	313 10
1969	55 00	107 90	160 50	167 30	311 20	324 20
1970	64 00	107 90	189 80	196 40	319 80	331 10
1971	70 40	107 90	213 10	220 40	326 50	337 40
1972	70 40	107 90	216 10	224 70	331 10	344 10
1973	81 50	107 90	266 10	276 40	339 60	352 80
1974	81 50	107 90	274 60	284 90	350 40	363 60
1975	93 80	107 90	316 30	333 70	363 60	383 50
1976	101 40	107 90	364 00	378 80	387 30	403 10
1977	107 90	-	412 70	422 40	- - - -	- - - -

<sup>1</sup> Assumes retirement at beginning of year  
<sup>2</sup> Represents benefit for both men and women until 1962, amounts differ thereafter  
<sup>3</sup> Effective for February 1968

rate increased by the percentage raise in cash benefits )

Under this provision, it was determined in December 1975 that the monthly premium amount should be increased from \$6 70 per month to \$7 20 per month effective July 1, 1976, on the basis of the 8 0-percent benefit increase. The next determination, which will take place in December 1976, will be subject to the 6 4-percent limit on the increase. Thus, the SMI monthly premium rate cannot be increased to more than \$7.70 as of July 1, 1977.

*Supplemental security income*—The 6 4-percent automatic increase in OASDHI benefits also affects the Federal guaranteed level of income under the supplemental security income (SSI) program. Under Public Law 93-368 (enacted August 7, 1974) the assured level of annual

income under the Federal program is to be raised by the same percentage as the OASDHI benefit increase and rounded to the next higher multiple of \$1 20. This increase is to be effective for the first month after the month for which the OASDHI increase is effective so that increases under both programs become payable in the same month.

As the result of the 6 4-percent increase, the Federal SSI benefit levels of \$1,892 40 per year (\$157 70 per month) for an individual and \$2,839 20 per year (\$236 60 per month) for a couple were increased to the following figures, beginning July 1, 1976 \*

	Annual	Monthly
Individual living		
in own home	\$2,013 60	\$167 80
Couple living in		
own home	3,021 60	251 80

\* For individuals and couples living in another's household and receiving support and maintenance in kind, the benefit level is reduced by one third. The increment payable on behalf of an "essential person" also rises with the automatic increase, since it is based on the difference between the amounts payable to an individual and to a couple. The assured level of income under SSI for persons institutionalized under the Medicaid program is not affected by the automatic increase.

## Cost-of-Living Increases for Railroad Retirement Benefits\*

Under the Railroad Retirement Act of 1974 a new system for railroad retirement benefits was established. The provisions in this law were summarized in the April 1975 *Social Security Bulletin*<sup>1</sup>. This note describes more explicitly the procedures established for granting cost-of-living increases for regular retirement and disability.

\* Prepared in Interprogram Studies Branch, Division of Retirement and Survivor Studies

<sup>1</sup> Alfred M. Skolnik, "Restructuring the Railroad Retirement System," *Social Security Bulletin*, April 1975

\* Supplemental annuities for long service railroad employees are not subject to cost-of-living adjustments. Special provisions apply to windfall benefits, defined as that part of dual benefits payable under the railroad retirement and social security programs above the amount that would have been payable if a single benefit had been calculated on the basis of combined railroad and nonrailroad service. Generally, windfall benefits are subject only to social security cost-of-living increases that take place before the beginning date of the employee's annuity or, in the case of widows and widowers, that occur prior to the employee's annuity beginning date or date of death, whichever occurs first.

annuities for employees and their spouses.<sup>2</sup> The adjustments fall into three categories. Increases in the Tier I benefit, increases in the Tier II benefit for those on the rolls by June 1, 1980, and increases in the Tier II benefit for those who come on the rolls after 1977.

The Tier I benefit is essentially the amount computed under the old-age, survivors, and disability insurance formula of the Social Security Act, based on the employee's combined railroad and nonrailroad service, reduced by the amount of any monthly cash benefit payable under the social security program. It is thus subject to the same cost-of-living (or general benefit) increases as social security benefits.

The Tier II benefit constitutes the staff or company pension part of the retiree's benefits and is computed on the basis of a formula applicable only to railroad service. The 1974 legislation contains a schedule of cost-of-living adjustments for specified components of Tier II benefits for the 6-year period ending January 1, 1981.<sup>3</sup>

For those on the rolls by June 1 of 1977, 1978, 1979, and 1980, the cost-of-living increase on each June 1 of those years will be computed as 32.5 percent of the increase in the Consumer Price Index (CPI) of the Bureau of Labor Statistics between the first calendar quarter of the preceding year and that of the year of the increase (rounded to the nearest 1/10 of 1 percent).<sup>4</sup> The increase will be determined by dividing the average of the CPI for January, February, and March of the latest year by the average of the CPI for January, February, and March of the earlier year. Unlike the automatic cost-of-living increase provisions of the Social Security Act, the railroad adjustment provides for an increase in a particular year even if the increases in the CPI on which the adjustment is based are less than 3 percent—

<sup>2</sup> Adjustments in Tier II benefits do not pertain to the past service bonus (a bonus for service before January 1, 1975, for employees whose railroad employment continued past that date). In addition, to prevent duplicate benefit increases, the portion of the Tier II annuity affected by increases in the tax base from 1976 to 1980 is excluded from the calculations.

<sup>4</sup> For a year in which the CPI declines, the previous highest first quarter CPI (not earlier than 1976) will be used to determine the percentage increase.

the minimum needed to trigger an increase in social security benefits.

For annuitants on the rolls as of June 1, 1977, the initial adjustment will take place June 1, 1977, and will be based on the CPI increase from the first quarter of 1976 to the first quarter of 1977. These retirees will also be eligible for the subsequent annual adjustments of June 1978, 1979, and 1980. Workers who retire between June 2, 1977, and June 1, 1978, will be eligible for the three annual increases beginning with the June 1978 adjustment. Similarly, there will be two annual adjustments for those retiring between June 2, 1978, and June 1, 1979, and one adjustment for retirees between June 2, 1979, and June 1, 1980.

For those who retire on January 1, 1978, or later, another type of cost-of-living adjustment in Tier II benefits is provided. This adjustment will be a one-time increase in the initial retirement award. It will consist of 65 percent of the percentage increase in the CPI from September 1976 through September of the year preceding the year of retirement or September 1980, whichever is earlier. The first adjustment is to be effective January 1, 1978, on the basis of the September 1976-77 CPI rise, for those retiring between January 1, 1978, and January 1, 1979. For those who retire subsequently, a similar adjustment is available as of January 1, 1979, 1980, or 1981. (The last adjustment will be effective January 1, 1981, for those retiring after that date.)

An employee who retires in March 1979, for example, will have an increase in a portion of his Tier II benefits that will be based on 65 percent of the rise in the CPI between September 1976 and September 1978. In addition to this one-time increase, he will also receive, as already discussed, two of the four recurring cost-of-living increases, the first one of which—effective June 1, 1979—will equal 32.5 percent of the increase in the CPI between the first quarter of 1978 and the first quarter of 1979.

The cost-of-living adjustments discussed above apply to the benefits payable to employees and spouses. Since survivor annuities also consist of Tier I and Tier II benefits and the Tier II amount is calculated as 30 percent of Tier I before any deductions, their Tier II benefit automatically rises whenever a cost-of-living or other adjustment is made in social security benefits.