

full-year issues, result as closely as possible in a uniform maturity distribution over the next 15 years. To accomplish this result, of course, the initial issues have been in 15-year obligations, in order to "match" the annual amounts of the other 14 series of full-year issues that had previously been purchased, and then any amounts still available have been spread over all special issues of the 15 years so as to have more or less equal amounts maturing each year.

The experience from June 30, 1959, to June 30, 1960, is an example of how this procedure has operated. The old-age and survivors insurance trust fund on the earlier date had special issues that were divided almost equally into 15 durations (actually \$1,133 million for each of the durations 2-15 and \$1,365 million for duration 1). During the fiscal year 1959-60 the trust fund decreased, although not continuously, by about \$700 million and some special issues had to be redeemed in advance of their established maturity date. The redemption was made not only for fractional-year issues acquired during the year but also for some of the full-year issues maturing at the end of the fiscal year and for some maturing at the end of the next fiscal year.

As a result, at the end of the fiscal year 1959-60, the full-year issues maturing at the end of the fiscal year 1960-61 had dropped to \$764 million, while all the later-duration issues were still in the amount of \$1,133 million for each year of maturity. The amount available for reinvestment on June 30, 1960, was \$920 million, all of which was placed in special issues with a 15-year duration since this amount was less than the uniform level of \$1,133 million for previous issues of 2-14 years' duration at that time.

In contrast, the disability insurance trust fund grew during the fiscal year 1959-60 by about \$500 million, and at the end of the year the uniform amounts of \$100.5 million for special issues with durations 2-15 at the beginning of the year (the amount for duration 1 then was slightly higher—about \$126.5 million) had not been changed. The amount available for investment on June 30, 1960, from both fractional-year and full-year special issues that then became due, was far in excess of the uniform amount of the special issues for durations 1-14 (at that time). As a result, special issues of all durations were ac-

quired in such a fashion that there would be virtually a uniform amount for each of the 15 durations—that is, about \$132.9 million for durations 2-15 and \$156.9 million for duration 1.

Family Benefits in Current-Payment Status, June 30, 1960*

During the year ended June 30, 1960, the number of families receiving monthly benefits under the old-age, survivors, and disability insurance program increased by almost 809,000. At the end of the fiscal year, monthly benefits were being paid to at least one person in 10.5 million families (table 1). Retired-worker families, which made up 74 percent of the total, numbered 7.8 million—about 517,000 more than a year earlier. The number of survivor families increased 196,000 to 2.4 million and represented 22 percent of all beneficiary families. An increase of 96,000 brought the number of disabled-worker families to 371,000 at the close of the year. The disabled workers in these beneficiary families were aged 50-64; benefits for disabled workers under age 50 (provided by the 1960 amendments) were first payable for November 1960.

MODERATE RISE IN AVERAGE BENEFITS

Average family benefits at the end of June 1960 showed moderate increases from the corresponding averages of a year earlier. The reasons were (1) the growing proportion of benefits computed on the basis of earnings after 1950 and (2) the increasing number computed under the provisions of the 1954 amendments that permit, in the computation of the average monthly wage, the dropping of as many as 5 years of lowest covered earnings and, in addition, any period of total disability.

Payments to retired workers without dependents also receiving benefits averaged \$79.20 for men and \$59.30 for women. Among families consisting of a retired worker and his aged wife, the average was \$123.40. The average bene-

* Prepared in the Division of Program Analysis, Bureau of Old-Age and Survivors Insurance.

fit for aged-widow families was \$57.20, and for families consisting of a widowed mother and two children it was \$173.00.

The average benefits being paid to disabled workers who had no dependents also receiving benefits were \$92.30 for men and \$76.40 for women. For families composed of a disabled worker, a young wife, and one or more children, the average benefit was \$186.10.

Families with benefits computed on the basis of earnings after 1950 had considerably higher average benefits than those whose benefits were based on earnings after 1936 (table 2). Among retired-worker families whose benefits were based on post-1950 earnings, the average benefits being paid were \$89.10 for a man with no dependents,

\$66.20 for a woman with no dependents, and \$132.60 for a retired worker and his aged wife.

At the end of June 1960, about 69 percent of all retired-worker families were receiving benefits based on earnings after 1950. This proportion will undoubtedly increase, since earnings after 1950 were used for about 87 percent of the old-age benefits awarded in the year ended June 30, 1960, and higher percentages are expected among the awards of future years.

For survivor families, the average benefits based on earnings after 1950 were \$68.40 for aged-widow families and \$198.90 for families consisting of a widowed mother and two children. Only 38 percent of the aged-widow families were receiving benefits based on earnings

TABLE 1.—Estimated number of families and beneficiaries receiving benefits and average monthly benefit in current-payment status at end of June 1959 and 1960, by family group

[Numbers in thousands]

| Family classification of beneficiaries receiving benefits | June 30, 1959 | | | June 30, 1960 | | |
|--|--------------------|-------------------------|-----------------------------------|--------------------|-------------------------|-----------------------------------|
| | Number of families | Number of beneficiaries | Average monthly amount per family | Number of families | Number of beneficiaries | Average monthly amount per family |
| Total..... | 9,727.8 | 13,181.4 | ----- | 10,536.4 | 14,261.8 | ----- |
| Retired-worker families..... | 7,295.6 | 9,636.6 | ----- | 7,813.0 | 10,296.6 | ----- |
| Worker only..... | 5,149.6 | 5,149.6 | \$68.20 | 5,539.3 | 5,539.3 | \$69.50 |
| Male..... | 2,696.5 | 2,696.5 | 77.20 | 2,843.8 | 2,843.8 | 79.20 |
| Female..... | 2,453.1 | 2,453.1 | 58.30 | 2,695.5 | 2,695.5 | 59.30 |
| Worker and aged wife..... | 1,981.1 | 3,962.2 | 120.70 | 2,084.4 | 4,168.8 | 123.40 |
| Worker and young wife..... | .7 | 1.4 | 115.70 | .8 | 1.6 | 118.80 |
| Worker and aged dependent husband..... | 14.6 | 29.2 | 103.10 | 14.4 | 28.8 | 105.50 |
| Worker and 1 or more children..... | 37.5 | 87.4 | 118.30 | 50.2 | 114.5 | 120.10 |
| Worker, wife aged 65 or over, and 1 or more children..... | 11.7 | 36.0 | 155.70 | 14.2 | 43.4 | 159.40 |
| Worker, young wife, and 1 or more children..... | 100.2 | 370.2 | 148.10 | 109.5 | 399.6 | 153.90 |
| Worker, husband, and 1 or more children..... | .2 | .6 | 123.10 | .2 | .6 | 126.00 |
| Survivor families..... | 2,157.0 | 3,183.5 | ----- | 2,352.6 | 3,443.7 | ----- |
| Aged widow..... | 1,311.0 | 1,311.0 | 56.20 | 1,456.0 | 1,456.0 | 57.20 |
| Aged widow and 1 or more children..... | 9.1 | 18.7 | 110.00 | 13.2 | 27.2 | 112.90 |
| Aged widow and 1 or 2 aged dependent parents..... | .1 | .2 | 129.10 | .2 | .4 | 130.90 |
| Aged dependent widower..... | 1.8 | 1.8 | 52.90 | 2.0 | 2.0 | 53.50 |
| Widower and 1 or more children..... | (*) | (*) | 92.40 | (*) | .1 | 93.60 |
| Widowed mother ¹ | 1.1 | 1.1 | 54.90 | 1.0 | 1.0 | 56.00 |
| Widowed mother and 1 child..... | 154.8 | 309.6 | 128.30 | 164.0 | 328.2 | 131.30 |
| Widowed mother and 2 children..... | 105.9 | 317.7 | 168.60 | 109.6 | 328.8 | 173.00 |
| Widowed mother and 3 or more children..... | 104.2 | 499.2 | 176.00 | 111.8 | 537.3 | 181.20 |
| Widowed mother, 1 or more children, and 1 or 2 aged dependent parents..... | .2 | .8 | 217.10 | .5 | 2.0 | 221.30 |
| Divorced wife and 1 or more children..... | .3 | .8 | 165.70 | .3 | .9 | 167.50 |
| 1 child only..... | 274.4 | 274.4 | 56.30 | 288.8 | 288.8 | 57.70 |
| 2 children..... | 106.2 | 212.4 | 99.80 | 113.1 | 226.2 | 102.70 |
| 3 children..... | 35.7 | 107.1 | 127.60 | 36.5 | 109.5 | 131.30 |
| 4 or more children..... | 21.5 | 96.0 | 145.70 | 21.9 | 98.5 | 150.50 |
| 1 or more children and 1 or 2 aged dependent parents..... | .4 | .8 | 135.90 | .9 | 2.0 | 138.80 |
| 1 aged dependent parent..... | 28.6 | 28.6 | 58.70 | 30.5 | 30.5 | 60.40 |
| 2 aged dependent parents..... | 1.7 | 3.4 | 103.40 | 1.7 | 3.4 | 106.20 |
| Disabled-worker families..... | 275.2 | 361.2 | ----- | 370.8 | 521.6 | ----- |
| Worker only..... | 235.7 | 235.7 | 87.90 | 298.2 | 298.2 | 88.20 |
| Male..... | 179.0 | 179.0 | 91.70 | 220.8 | 220.8 | 92.30 |
| Female..... | 56.7 | 56.7 | 75.90 | 77.4 | 77.4 | 76.40 |
| Worker and aged wife..... | 12.9 | 25.8 | 135.30 | 19.7 | 39.4 | 136.30 |
| Worker and young wife..... | .2 | .4 | 132.60 | .3 | .6 | 133.30 |
| Worker and aged dependent husband..... | .1 | .2 | 116.10 | .2 | .4 | 117.40 |
| Worker and 1 or more children..... | 6.2 | 15.5 | 153.00 | 16.3 | 39.9 | 154.60 |
| Worker, wife aged 65 or over, and 1 or more children..... | (*) | .1 | 202.60 | .1 | .3 | 204.80 |
| Worker, young wife, and 1 or more children..... | 20.0 | 83.5 | 184.90 | 36.0 | 142.7 | 186.10 |

¹ Benefits of children were being withheld.

* Less than 50.

TABLE 2.—Estimated number of families and beneficiaries receiving benefits and average monthly benefit in current-payment status at end of June 1960, for selected family groups, by starting date used in benefit computation

[Numbers in thousands]

| Family classification of beneficiaries for selected family groups | Total | | | Based on earnings after 1950 | | | Based on earnings after 1936 | | |
|---|--------------------|-------------------------|-----------------------------------|------------------------------|-------------------------|-----------------------------------|------------------------------|-------------------------|-----------------------------------|
| | Number of families | Number of beneficiaries | Average monthly amount per family | Number of families | Number of beneficiaries | Average monthly amount per family | Number of families | Number of beneficiaries | Average monthly amount per family |
| Retired-worker families: | | | | | | | | | |
| Worker only..... | 5,539.3 | 5,539.3 | \$69.50 | 3,643.1 | 3,643.1 | \$78.30 | 1,896.2 | 1,896.2 | \$52.70 |
| Male..... | 2,843.8 | 2,843.8 | 79.20 | 1,928.3 | 1,928.3 | 89.10 | 915.5 | 915.5 | 58.40 |
| Female..... | 2,695.5 | 2,695.5 | 59.30 | 1,714.8 | 1,714.8 | 66.20 | 980.7 | 980.7 | 47.40 |
| Worker and aged wife..... | 2,084.4 | 4,168.8 | 123.40 | 1,583.6 | 3,167.2 | 132.60 | 500.8 | 1,001.6 | 94.20 |
| Survivor families: | | | | | | | | | |
| Aged widow..... | 1,456.0 | 1,456.0 | 57.20 | 553.4 | 553.4 | 68.40 | 902.6 | 902.6 | 50.40 |
| Widowed mother and 2 children..... | 109.6 | 328.8 | 173.00 | 75.6 | 226.8 | 198.90 | 34.0 | 102.0 | 106.10 |
| Disabled-worker families: | | | | | | | | | |
| Worker only..... | 298.2 | 298.2 | 88.20 | 225.3 | 225.3 | 93.70 | 72.9 | 72.9 | 71.10 |
| Male..... | 220.8 | 220.8 | 92.30 | 171.0 | 171.0 | 97.60 | 49.8 | 49.8 | 74.10 |
| Female..... | 77.4 | 77.4 | 76.40 | 54.3 | 54.3 | 81.40 | 23.1 | 23.1 | 64.60 |
| Worker, young wife, and 1 or more children..... | 36.0 | 142.7 | 186.10 | 28.9 | 114.4 | 199.70 | 7.1 | 28.3 | 130.10 |

after 1950. This low proportion reflects the large number of benefits payable to (1) widows aged 62 and over whose husbands had died before April 1952 and (2) widows whose husbands had retired as old-age beneficiaries before April 1952 and have since died with no employment after March 1952. Benefits cannot be based on earnings after 1950 in either case.

Among disabled-worker families, the average benefits based on post-1950 earnings were \$97.60 for a man with no dependents, \$81.40 for a woman with no dependents, and \$199.70 for a disabled worker, his young wife, and one or more children.

Civil Service Retirement Act Amendments, 1960*

Several laws affecting the civil-service retirement system were enacted during the second Session of the Eighty-Sixth Congress. They include provisions (1) liberalizing treatment of employee contributions after attainment of sufficient service to build up a maximum annuity, (2) liberalizing the final annuity computation for reemployed annuitants, (3) revising the system of starting and ending dates for accrual of annuities, (4) providing health benefits for retired employees, (5) changing coverage provisions for certain minor groups, and (6) liberalizing benefits for Members of Congress and their employees.

*Prepared by John P. Jones, Division of the Actuary.

EMPLOYEE CONTRIBUTIONS

Public Law 86-622, approved July 12, 1960, provides that if the employee is credited with sufficient service to receive the maximum annuity (80 percent of the highest 5-year average salary) his contributions are credited thereafter toward any deposit due for noncontributory service. About 41 years and 11 months of service are ordinarily required to earn the maximum annuity; slightly less service is required if the average salary is less than \$5,000.

If the employee has no noncontributory service or if contributions made after earning the maximum annuity exceed the total deposits due, the remaining contributions are used to purchase additional annuities in the same manner as under the existing provisions for voluntary purchase of additional annuities. Contributions made after earning the maximum annuity will earn interest at 3 percent. (Regular employee contributions do not earn interest after December 31, 1956, if the employee has 5 or more years of service.) This law is applicable to contributions by present employees made before the date of enactment; it does not apply to employees retired before the date of enactment.

ANNUITY COMPUTATION FOR REEMPLOYED ANNUITANTS

Public Law 86-622 also liberalized provisions for benefits payable on the final retirement of reemployed annuitants, who generally continue to receive their annuity check during reemploy-