

Disabled Old-Age Insurance Beneficiaries

by EDNA C. WENTWORTH *

BETWEEN two-thirds and three-fourths of the men and women currently receiving old-age insurance benefits are estimated to be disabled. Most of these disabled beneficiaries have quit working for good. Some of them, however, can and do work after their entitlement in jobs that are less demanding than their usual occupations. Others undoubtedly could work if jobs geared to their limited capacities were available.

This estimate of the extent of disability among all retirement beneficiaries in the United States relates to the present period of relatively full employment.¹ In a labor market less favorable to the employment of old people, the disability rate would be lower than the estimate indicates because more able-bodied persons aged 65 and over would be out of work and receiving insurance benefits.

The concept of disability obviously is relative, and the estimated propor-

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

¹ The estimate relates to beneficiaries currently receiving benefits 1 to 11 years after their entitlement; for estimates relating to the employability of beneficiaries at the time of their entitlement, see the *Bulletin* for January 1951.

tion of beneficiaries who are disabled depends on the definition used. For the present estimate a beneficiary was counted as disabled if he was incapable of full-time work at the kind of job he had before his entitlement. The estimate is based on a study of representative beneficiaries in 20 cities. Altogether, 3,362 men and 622 women who became entitled to primary benefits during the 8 years 1940-47 were interviewed in their homes in the period from 1941 to 1949 to find out how they were getting along after their entitlement.² Among other things they were asked their opinions about their health and their ability to work at the time of the interview. The infirmities of which they complained and any employment

² For reports on some of the findings of these surveys, see the *Bulletin* for July and September 1943; March 1944; January, April, September, and November 1945; January 1946; August and October 1947; February and September 1948; November 1949; April and May 1950; and January 1951. See also the *Bulletin* for June 1946 for a comparison of aged insurance beneficiaries with aged assistance recipients and the aged in the general population, and the October 1949 issue for a study of public assistance supplementation of income of insurance beneficiaries.

they had during the year preceding the interview were noted.

In the analysis of the data collected, the beneficiaries were first grouped in three classes according to their opinions as to their work capacity at the time of the interview. The postentitlement employment record of the beneficiaries in each class and the present condition of their health were then studied.³

Beneficiaries' Work Capacity

The following classification was used in grouping the beneficiaries with reference to their opinion as to their work capacity: (1) those who said they could work full time—35 hours or more a week—on a job for which their experience qualified them; (2) those who regarded themselves as unable to work at all; (3) those who said they were able to work but specified that the job must be "light" or "part time" (table 1). All three classes included some beneficiaries whose benefits were suspended a month or more during the survey year⁴ because of their covered employment earnings.

Able to work full time.—Most of the beneficiaries who said they could work full time in their customary occupations if they had the opportunity were probably able to do so. During the wartime year ending in the summer of 1944, for example, 89 percent of all the men beneficiaries interviewed in Ohio who had no reservations as to their work capacity did have some employment. Two-

³ The analysis of health and employment is limited to the men beneficiaries because the number of women entitled to benefits on their own wage records in various surveys was not large enough to provide an adequate basis for analysis within each work-capacity class. The information obtained, however, indicates that the general conclusions derived from the study of the men are likewise applicable to the women. No women primary beneficiaries were included in the 1949 Philadelphia-Baltimore survey.

⁴ Twelve consecutive calendar months preceding the month of the interview.

Table 1.—Percentage distribution of old-age beneficiaries by their opinion as to their ability to work,¹ 20 cities, 1941-49

Survey area	Year of entitlement	Year of interview	Number in sample	Percentage distribution			
				Total	Able to work full time	Incapacitated for any kind of work	Able to work only part time ^e or at light jobs
Men:							
Philadelphia-Baltimore	1940	1941	508	100	35	55	10
St. Louis	1940	1941	550	100	37	40	23
Birmingham-Memphis-Atlanta	1940	1942	564	100	36	34	30
Los Angeles	² 1940	1942	758	100	40	41	19
12 middle-sized Ohio cities	1941-42	1944	567	100	27	49	24
Boston	1940-44	³ 1946	415	100	15	59	26
Philadelphia-Baltimore	1940-47	1949	461	100	17	53	30
Women:⁴							
Philadelphia-Baltimore	1940	1941	95	100	27	67	6
St. Louis	1940	1941	91	100	20	54	26
Birmingham-Memphis-Atlanta	1940	1942	53	100	26	66	8
Los Angeles	² 1940	1942	186	100	31	56	13
12 middle-sized Ohio cities	1941-42	1944	99	100	16	70	14
Boston	1940-44	³ 1946	98	100	23	49	28

¹ At the time of the interview.

² Includes January 1941 entitlements.

³ Includes January 1947 interviews.

⁴ Women old-age insurance beneficiaries were excluded from the 1949 Philadelphia-Baltimore survey of 1940-47 entitlements.

thirds of the men who said they were able to work full time were employed full time throughout the year. When the demand for labor was less urgent, however, the proportion with some employment among the retirement beneficiaries who thought they were able to work was smaller (from 44 to 72 percent in the various survey areas) because older men and women are ordinarily marginal workers who find difficulty in obtaining jobs in industry or commerce.

Incapacitated for any kind of work.—Most of the beneficiaries who said they were unable to work at all were probably sick. They said they were suffering from heart disease, high blood pressure, paralysis, arthritis, anemia, failing vision, cancer, kidney disease, and other degenerative conditions associated with aging. A few of the men—during the 1944 survey year as many as 29 percent and in the other years from 4 to 19 percent—had some employment, mostly casual work. The majority, however, had quit working by the time of the interview, and others obviously were working in spite of serious health handicaps.

From a study of their employment records during the survey year and their own comments on their health, it may be concluded that, for practical purposes in estimating the proportion of beneficiaries who were incapacitated for work at their usual occupations, all the beneficiaries who said they were unable to work should be counted as disabled.

Able to work only part time or at light jobs.—The beneficiaries who said they could work only part time or at light jobs included men and women in a variety of situations. Except for the 1944 survey year in Ohio, where the proportion was 70 percent, less than half (from 32 to 46 percent) of the men who said they could work only part time or at light jobs had any employment during the year studied. Some of the beneficiaries who were not working had become discouraged about getting jobs and believed themselves unable to work at their usual occupations. Others obviously could not have held full-time jobs that required much phys-

ical exertion; some probably could not have worked at all, but because they said they were able to do "certain types of work" they were included with those who might take part-time or light jobs.

The largest group among the beneficiaries in this class who had some employment were the men—mostly manual workers—who worked a part or all of the survey year at jobs that required less physical exertion than their usual occupations. A few worked full time throughout the year in small businesses of their own. One old man, for example, who had been a sprayer in a piano factory, boarded dogs during the survey year. Some worked full time in industry but at relatively easy jobs; a former painter who was employed as a watchman was typical. Most of this group, however, had only casual employment during the year; a former carpenter worked occasionally for private families, and a former laborer in a steel mill did gardening for his neighbors.

A small number of men worked during part or all of the year in their usual types of occupation. Some in this group found after their reemployment that the work was too hard, and they had to quit. A laborer in the steel industry, for example, was employed 8 months of the survey year as a laborer but stopped because he could not perform the heavy duties required. He said he had pains in his legs but that he could hold a light job. Others worked full time during the year but told the interviewers that they could not keep on much longer; a few appeared able to continue at full-time work in their usual occupations.

A portion of the group of beneficiaries who said they could work but had reservations as to their work capacity clearly should be included among those who were disabled in the sense of not being able to work at their regular jobs. A conservative estimate would include half the group.

Percent Disabled

If to the number of totally disabled beneficiaries is added one-half the number who said they could work only part time, the result would be a conservative estimate of the total number who are probably disabled

for full-time employment in their customary jobs. They formed the following proportions of the beneficiaries in the various survey areas on the day of the interview.

Survey area and survey year	Percent disabled	
	Men	Women
Philadelphia-Baltimore (1941)	60	70
St. Louis (1941)	52	67
Birmingham-Memphis-Atlanta (1942)	49	70
Los Angeles (1942)	51	62
12 middle-sized Ohio cities (1944)	61	77
Boston (1946)	72	63
Philadelphia-Baltimore (1949)	68	(1)

(1) Women primary beneficiaries excluded from the survey.

There were more disabled beneficiaries in Boston (1946) and in Philadelphia-Baltimore (1949) than in the other survey areas, largely because the beneficiaries in those two areas had been entitled longer—from 1 to 6 or from 1 to 9 years, respectively—than in the earlier surveys, where the beneficiaries interviewed had been entitled only from 1 to 3 years. Because these Boston and Philadelphia-Baltimore studies are more recent and include beneficiaries who had been on the benefit rolls for a longer period, the findings as to disability in these two samples are undoubtedly more representative of all retirement beneficiaries in the United States before the 1950 amendments went into effect than are the earlier ones.

The samples on which the above percentages are based contained a few individuals who worked full time in covered employment during the entire year and received no benefits. Percentages based on samples including only beneficiaries who received benefits part or all of the year would be slightly larger. Moreover, approximately 2 percent of the beneficiaries originally selected for the samples could not be interviewed because they were too ill. Their inclusion also would raise the proportion who were disabled. In estimating the disability rate for all the old-age insurance beneficiaries in the country, both these circumstances have been taken into account.

The immediate effect of the pro-
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Table 2.—Contributions and taxes collected under selected social insurance and related programs, by specified period, 1948-51

[In thousands]

Period	Retirement, disability, and survivors insurance			Unemployment insurance		
	Federal insurance contributions ¹	Federal civil-service contributions ²	Taxes on carriers and their employees	State unemployment contributions ³	Federal unemployment taxes ⁴	Railroad unemployment insurance contributions ⁵
Fiscal year:						
1948-49	\$1,690,296	\$553,461	\$563,833	\$988,965	\$222,850	\$9,816
1949-50	2,106,388	662,262	550,172	1,094,406	226,306	18,855
9 months ended:						
March 1949	1,217,888	465,675	425,244	736,693	206,610	7,514
March 1950	1,523,938	567,581	415,891	771,953	206,615	13,021
March 1951	2,155,246	588,041	430,496	910,601	210,960	18,061
1950						
March	229,491	30,109	123,100	8,166	9,461	4,899
April	85,657	29,554	3,229	104,439	3,692	363
May	274,447	32,642	5,881	211,946	14,275	197
June	222,345	32,486	125,171	6,068	1,723	5,273
July	200,876	32,326	875	121,218	1,785	222
August	316,310	31,398	10,492	205,106	13,470	127
September	185,074	333,303	125,988	6,035	1,347	5,655
October	181,498	34,085	2,763	116,786	1,980	17
November	287,928	32,168	9,817	191,143	12,398	168
December	239,131	29,178	132,961	9,980	2,716	5,837
1951						
January	131,331	33,958	1,567	96,405	16,319	22
February	373,787	29,752	6,508	153,307	146,981	155
March	289,310	31,874	139,527	10,621	13,963	5,847

¹ Represents contributions of employees and employers in employments covered by old-age and survivors insurance.

² Represents employee and Government contributions to the civil-service retirement and disability fund (including Alaska Railroad, Canal Zone, and Office of the Comptroller of the Currency retirement and disability funds integrated since July 1949 with principal fund); Government contributions are made in 1 month for the entire fiscal year.

³ Represents deposits in State clearing accounts of contributions plus penalties and interest collected from employers and, in 2 States, contributions from em-

ployees; excludes contributions collected for deposit in State sickness insurance funds. Data reported by State agencies; corrected to Apr. 23, 1951.

⁴ Represents taxes paid by employers under the Federal Unemployment Tax Act.

⁵ Beginning 1947, also covers temporary disability insurance.

⁶ Represents contributions of \$28.3 million from employees, and contributions for fiscal year 1950-51 of \$305.0 million from the Federal Government.

Source: *Daily Statement of the U.S. Treasury*, unless otherwise noted.

DISABLED BENEFICIARIES

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visions in the 1950 amendments that confer eligibility for benefits on the basis of six quarters of coverage has probably been an increase in the disability rate, because there are some sick persons among those who could not previously qualify for benefits and who can do so now.⁵ This effect is not likely to be offset by an increase in the retirement of the able-bodied as a result of larger benefits

⁵ For the next 20 years, workers will continue to qualify for benefits with fewer quarters of coverage than were required under the act before the 1950 amendments, but the effect of the amendments on the disability rate will gradually decrease.

also provided by the 1950 amendments, since the increase in benefits has served primarily to compensate for the increase in the cost of living after 1939 and not to raise the purchasing value of payments. Compared with earnings, old-age insurance benefits are still too small to provide an inducement to retire for people who can keep on working.

When all these factors are considered, it appears probable that between two-thirds and three-fourths of the old-age insurance beneficiaries currently receiving benefits—men and women combined—are disabled from the standpoint of their ability to work full time at their usual occupations.

The proportion of retirement beneficiaries who are disabled will un-

doubtedly increase with the years as the average length of time since their entitlement, and consequently their average age, increases. The proportion disabled will also increase if employers change their retirement policies to permit their employees to remain at work as long as possible, since fewer able-bodied persons will be released from their jobs. If there is a serious depression that forces able-bodied men and women aged 65 and over out of the labor market and onto the benefit rolls, the trend toward a mounting disability rate among the retirement beneficiaries will be reversed, because the number receiving benefits will be increased by unemployed beneficiaries who are able to work.