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# Beneficiaries Affected by the Annual Earnings Test in 1975

by Barbara A Lingg\*

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Every year a number of social security beneficiaries lose some or all of their benefits because of the earnings test. This article describes those affected in 1975—who they were, how much they earned, and how much they lost in cash benefits. The relationships between certain beneficiary characteristics—such as age, sex, race, primary insurance amount, family status, and type of employment—and the amount of earnings and lost benefits are examined. About 1.3 million retired workers aged 62–71, or one-seventh of all such persons on the rolls, were affected by the earnings test. Relatively fewer women retired workers than men incurred benefit losses because relatively fewer women worked and those who did had lower earnings. Black retired workers and those of other minority races had lower earnings than did white retired workers. About 335,000 dependent and survivor beneficiaries lost benefits because of their earnings. This total included 135,000 widowed mothers, or about one-fifth of all such women on the rolls.

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Beneficiaries under age 72 are affected by the earnings-test provision of the Social Security Act if they have income from employment or self-employment exceeding certain yearly exempt amounts.<sup>1</sup> This article presents detailed statistical data about persons affected by the earnings test in 1975. Most of the data are for retired-worker beneficiaries, but limited data on dependent and survivor beneficiaries who lost benefits because of their own earnings are also presented. Disabled beneficiaries, who are subject to a test of "substantial gainful activity," and persons residing in foreign countries, who are subject to different earnings tests, are excluded. Virtually all the data have been derived on a 100-percent basis from the Social Security Administration's master beneficiary record, which contains detailed benefit data for all beneficiaries.

## Effects of Earnings Test on Benefits

In 1975 the earnings test provided that benefits were to be withheld at the rate of \$1 for every \$2 in earnings

exceeding \$2,520. Benefits were payable, however, for any month in which the entitled individual earned \$210 or less or did not render substantial services in self-employment, regardless of total earnings during the year.<sup>2</sup>

The yearly amounts that persons could earn without losing any benefits were \$2,400 in 1974 and \$2,100 in 1973. From 1966 to 1972, not only was the annual exempt amount lower (\$1,500 in 1966–67 and \$1,680 in 1968–72), but the provision to withhold \$1 in benefits for each \$2 in earnings applied only to the first \$1,200 in earnings beyond the exempt amount. After that point, \$1 in earnings offset \$1 in benefits. Thus, no monetary advantage would have been gained from earnings that were \$1,200 above the exempt amount, unless the earnings were more than sufficient to cause all benefits to be offset.<sup>3</sup> In addition, these earnings may have been

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<sup>1</sup>Beginning in 1982, the earnings test will no longer apply as of the month in which the beneficiary attains age 70, regardless of the amount of money earned. See John Snee and Mary Ross, "Social Security Amendments of 1977: Legislative History and Summary of Provisions," *Social Security Bulletin*, March 1978.

<sup>2</sup>Beginning with 1978, beneficiaries may receive payment for "nonwork" months, regardless of the amount of their annual earnings, only in the first year in which they are entitled to benefits and have at least 1 month in which they earn less than the monthly limit or do not render substantial services in self-employment.

<sup>3</sup>For descriptions of the effects of the earnings tests in 1973 and 1971, see Barbara A. Lingg, "Beneficiaries Affected by Annual Earnings Test in 1973," *Social Security Bulletin*, September 1977, and Barbara A. Lingg, "Retired-Worker Beneficiaries Affected by the Annual Earnings Test in 1971," *Social Security Bulletin*, August 1975. For a discussion of the effects of the earnings test in 1963, see Kenneth G. Sander, "The Retirement Test: Its Effect on Older Workers' Earnings," *Social Security Bulletin*, June 1968.

subject to income and social security taxes and the worker probably also would have incurred some work-related expenses

Table 1 illustrates the effects of the 1975, 1973, and 1972 earnings tests on a beneficiary with annual social security benefits of \$3,000 and various assumed amounts of annual earnings. As a result of the increases in the exempt amount and the elimination of the dollar-for-dollar provisions, beneficiaries could earn considerably more in 1975 and 1973 than in 1972 without losing all of their benefits. It required \$8,520 in earnings to offset \$3,000 in benefits in 1975, compared with \$8,100 in 1973 and \$5,280 in 1972. Beneficiaries entitled to some specified benefit amount for the year and having specified earnings during the year could experience greater net earnings (disregarding taxes and work expenses) in 1975 than in earlier years. Thus, a

**Table 1.**—Examples of net receipts from benefits and earnings for beneficiaries with yearly benefits of \$3,000, by annual earnings levels, 1972, 1973, and 1975

Annual earnings	Amount of benefits		Amount received from earnings and benefits	Economic advantage of working (in dollars)
	Withheld	Payable		
1975				
\$1 680	0	\$3 000	\$4 680	\$1 680
2 100	0	3,000	5,100	2 100
2 280	0	3,000	5 280	2 280
2 520	0	3 000	5 520	2 520
2 880	\$180	2 820	5 700	2 700
3 520	500	2,500	6 020	3 020
4 680	1 080	1 920	6 600	3 600
5,280	1,380	1 620	6 900	3,900
6,520	2 000	1 000	7 520	4 520
7 520	2 500	500	8 020	5 020
8 100	2,790	210	8 310	5 310
8 520	3 000	0	8 520	5 520
9 520	3 000	0	9 520	6 520
1973				
\$1,680	\$0	\$3 000	\$4 680	\$1 680
2 100	0	3 000	5 100	2 100
2 280	90	2 910	5 190	2 190
2 520	210	2 790	5 310	2 310
2 880	390	2 610	5 490	2,490
3,520	710	2 290	5 810	2 810
4 680	1 290	1 710	6 390	3,390
5 280	1 590	1 410	6 690	3 690
6,520	2 210	790	7 310	4,310
7 520	2 710	290	7 810	4 810
8,100	3 000	0	8 100	5 100
8 520	3 000	0	8,520	5 520
9 520	3 000	0	9 520	6 520
1972				
\$1 680	\$0	\$3 000	\$4 680	\$1 680
2 100	210	2 790	4 890	1,890
2 280	300	2 700	4,980	1 980
2 520	420	2,580	5,100	2 100
2,880	600	2 400	5 280	2,280
3 520	1,240	1,760	5 280	2 280
4 680	2 400	600	5 280	2,280
5 280	3 000	0	5 280	2 280
6 520	3 000	0	6 520	3 520
7,520	3,000	0	7,520	4 520
8,100	3 000	0	8,100	5 100
8 520	3 000	0	8 520	5,520
9,520	3 000	0	9,520	6,520

person entitled to annual benefits of \$3,000 with earnings of \$2,880 gained \$2,700 because of these earnings in 1975, compared with \$2,490 in 1973 and \$2,280 in 1972. The economic advantage of \$6,520 in earnings was \$4,520 in 1975 and \$4,310 in 1973, but only \$3,520 in 1972.

## Retired-Worker Beneficiaries

### Age and Sex

During 1975, about 1.3 million retired workers aged 62–71, or 14 percent of those on the rolls and 11 percent of those eligible for benefits, had benefits withheld because of the earnings test. When the effects of the earnings test are assessed, it should be remembered that the number of beneficiaries on the rolls as well as the number directly affected by the earnings test would undoubtedly be larger if it were not for the earnings limitation. Many eligible persons, particularly those aged 62–64, do not file for benefits because they would be prevented by the earnings test from receiving them. Most persons aged 65 and older do file despite continued employment and higher earnings, primarily to become eligible for hospital benefits under Medicare.

Monthly cash benefits are based on the worker's primary insurance amount (PIA), which is related by law to the average amount of monthly earnings covered under the social security program. The full PIA is payable to the retired worker upon entitlement to benefits at age 65. A retired worker may elect entitlement as early as age 62, but the PIA is then reduced by 5/9 of 1 percent for each month of entitlement preceding age 65, for a maximum reduction of 20 percent.

The number of persons aged 62–64 who have not applied for reduced benefits undoubtedly includes some who have not done so because they realize that the earnings test means a limitation on earnings or the loss of some or all of their benefits.<sup>4</sup> They therefore decide to wait at least until they attain age 65, at which time they can file for full benefits and also be eligible for Medicare. These individuals are indirectly affected by the earnings test even though they are not on the rolls.

Thirty percent of those persons aged 62–71 who were directly affected by the earnings test were women, though they represented 44 percent of all the retired-worker beneficiaries in that age range (table 2). Thus, relatively fewer women than men lost benefits, probably because relatively fewer women worked and relatively more of those who did had earnings below the exempt

<sup>4</sup>If a beneficiary who has elected to retire before reaching age 65 has subsequent earnings high enough to offset benefits for some or all of the months before attainment of age 65, the reduction factor is adjusted to account for months for which benefits were not paid. The monthly benefit is then recomputed on the basis of a smaller reduction factor.

<sup>5</sup>U.S. President, *Employment and Training Report of the President, 1977, 1977*, page 138.

**Table 2.**—Number and percentage distribution of retired-worker beneficiaries under age 72 on rolls at end of year and of those affected by earnings test and amount of benefits withheld and before withholding, by sex and age group, 1970–75

Sex and age	Retired worker beneficiaries									
	On rolls at end of year		Affected by earnings test							
	Number	Percentage distribution	Number	Percentage distribution	Percent on rolls	Percent eligible for benefits <sup>1</sup>	Amount of benefits (in thousands)		Ratio of benefits withheld to amount before withholding	Percent who lost all benefits
							Withheld	Before withholding		
1975										
Total	9 319 297	100 0	1 318 772	100 0	14 2	11 3	2 684 559	\$4 252,463	0 63	34
Men	5 269 351	56 5	921 667	69 9	17 5	14 1	2,080 963	3 210 208	65	39
Women	4 049 946	43 5	397 105	30 1	9 8	7 7	603 596	1 042 255	60	21
Men	5 269 351	100 0	921 667	100 0	17 5	14 1	2 080 963	3 210 208	65	39
62–64	874 628	16 6	148 008	16 1	16 9	7 0	208 876	426 278	49	11
65–71	4 394 723	83 4	773 659	83 9	17 6	17 4	1 872 087	2 783 930	67	44
Women	4 049 946	100 0	397 105	100 0	9 8	7 7	603,596	1 042 255	58	21
62–64	889 656	22 0	94 401	23 8	10 6	5 6	84 796	178 422	48	6
65–71	3 160 290	78 0	302 704	76 2	9 6	8 7	518 800	863 833	60	26
1973										
Total	8 758 863	100 0	1,386 232	100 0	15 8	12 4	2 435 330	3 588 546	0 68	41
Men	4 992 337	57 0	976 110	70 4	19 6	15 4	1 870 599	2 693 016	69	46
Women	3 766 526	43 0	410 122	29 6	10 9	8 5	564 731	895,530	63	29
1972										
Total	8 361 162	100 0	1 496 571	100 0	17 9	13 8	2,301,154	3,269 247	0 70	( <sup>2</sup> )
Men	4 800 876	57 4	1 042 589	69 7	21 7	16 8	1,740,914	2,440 306	71	( <sup>2</sup> )
Women	3 560 286	42 6	453 982	30 3	12 8	9 7	560 240	828,941	68	( <sup>2</sup> )
1970										
Total	7 674 438	100 0	1 555 678	100 0	20 3	15 2	1 998 225	2 792 429	0 72	( <sup>2</sup> )
Men	4 455 453	58 1	1 097 672	70 6	24 6	18 5	1 523 994	2 102 706	72	( <sup>2</sup> )
Women	3 218 985	41 9	458 006	29 4	14 2	10 6	474 231	689 723	69	( <sup>2</sup> )

<sup>1</sup>Percent of those aged 62–71 who would be eligible to receive retired-worker benefits at end of year. Excludes disabled worker beneficiaries aged

62–64  
<sup>2</sup>Data not available

amount. In 1975, 46 percent of all women and 8 percent of women 65 and over were participating in the labor force, compared with 78 percent of all men and 22 percent of the men aged 65 and over.<sup>5</sup> Median covered earnings in 1975 were \$3,755 for all women, \$4,078 for those aged 62–64, \$2,199 for those aged 65–69, and \$1,846 for those aged 70–71. The corresponding median earnings for men in 1975 were \$8,520, \$8,720, \$2,880, and \$2,268.

About 67,000 fewer retired workers lost benefits because of the earnings test in 1975 than in 1973—a decline of 6 percent for men and 3 percent for women during the 2-year period. The number of men affected by the earnings test declined 16 percent from 1970 to 1975, while the number of women affected fell 13 percent. One factor contributing to the decline in the number of workers affected has been increases in the exempt amount—from \$1,680 in 1970 to \$2,520 in 1975. Thus, certain individuals with low earnings may have been affected in one year but not in the following year. Another factor that contributed to the decline in the number of retired workers affected by the earnings test was the reduction in the labor-force participation of persons aged 65 and over. The proportion of women

aged 65 and over in the labor force dropped from 11 percent in 1960 to 10 percent in 1970 and to 8 percent in 1975. The corresponding proportions for men in those years were 33 percent, 27 percent, and 22 percent.<sup>6</sup> The decline in the labor-force participation of older persons is reflected in the increase in the proportion of social security beneficiaries electing reduced benefits. In 1970, currently payable reduced awards represented 56 percent of all awards to retired workers. This proportion rose to 65 percent by 1975.

### Earnings and Benefit Losses

When a retired-worker beneficiary has earnings during the year that exceed the exempt amount, not only are that person's benefits subject to withholding but also those of the spouse, children, or other entitled dependents. In 1975, retired-worker beneficiaries and their dependents lost \$2.7 billion in benefits—63 percent of the \$4.3 billion that would have been payable had no deductions been made for earnings (table 2). Men lost \$2.1 billion (65 percent) of their benefits and women

<sup>6</sup>Ibid

lost \$0.6 billion (58 percent). Men and women aged 65–71 lost a substantially higher proportion of their benefits than did those aged 62–64, reflecting in part higher earnings of the older beneficiaries. Many high earners aged 62–64 do not apply for benefits if they expect to lose them. Among men, the proportion of benefits lost was 67 percent for those aged 65–71 but only 49 percent for those aged 62–64. For women, the corresponding proportions were 60 percent and 48 percent.

For most retired-worker beneficiaries, information about the amount of income from work in 1975 was available either from (1) their annual report of earnings if they received some benefits in 1975 and earned more than \$2,520 during the year or (2) from entries in their earnings records. For persons not required to file annual reports because their benefits for 1975 were completely offset, earnings information was obtained from reports by employers and the self-employed and entered in the earnings record. For some, earnings information was not available because (1) the reporting by employers or the self-employed was received too late to be included in the tabulations, (2) the individuals worked for employers not covered by the social security program—including the Federal Government, some State and local governments, and nonprofit organizations—or (3) errors occurred in processing the data. Earnings information was available for all but 7 percent of the men and 5 percent of the women.

Many of the retired workers who had benefits with-

held because of the earnings test had fairly high annual earnings. About two-fifths of the men and one-sixth of the women earned \$10,000 or more (table 3). Among both men and women beneficiaries, one-tenth had earnings of \$8,000–\$9,999. Women tended to have lower earnings than men. About half the women but only about three-tenths of the men earned \$2,520–\$5,999.

A larger proportion of beneficiaries aged 65–71 than of beneficiaries aged 62–64 tended to have high earnings. Earnings of \$10,000 or more, for example, were received by 45 percent of the men aged 65–71 but only 17 percent of those aged 62–64. The corresponding proportions for women were 20 percent and 7 percent. On the other hand, earnings of \$2,520–\$5,999 were reported for 25 percent of the men aged 65–71 but for 51 percent of the men aged 62–64, for women the corresponding proportions were 43 percent and 72 percent.

It was to be expected that high earners aged 62–64 would be underrepresented among those who lost benefits because they were too young for Medicare eligibility and for that reason many of them would not have filed for benefits. Beneficiaries aged 62–64 tended to have lower earnings than those aged 65–71 and consequently relatively fewer of them lost all benefits as a result of their earnings. Thus, 44 percent of the men aged 65–71 lost all their benefits but only 11 percent of those aged 62–64 did so. Similarly, among women, the proportions were 26 percent and 6 percent, respectively. It was not

**Table 3.**—Number of retired-worker beneficiaries affected by earnings test, percentage distribution by amount of earnings, average benefit amount withheld and before withholding, and percent who lost all benefits, by sex, age group, and primary insurance amount, 1975

Sex, age, and primary insurance amount	Number	Percentage distribution, by amount of earnings							Average benefit amount		Ratio of benefits withheld to amount before withholding	Percent who lost all benefits
		Total	Less than \$4 000	\$4 000–5 999	\$6 000–7 999	\$8 000–9 999	\$10 000 or more	Unknown	Withheld	Before withholding		
<b>Men</b>	921 667	100 0	16 9	12 1	13 1	10 1	40 7	7 1	\$2 258	\$3 483	0 65	39
Less than \$200 00	98 798	100 0	32 8	18 1	11 6	5 4	13 5	18 6	980	1 766	55	34
200 00–299 00	275 188	100 0	26 7	19 3	20 5	10 7	15 7	7 1	1 591	3 046	52	24
300 00 or more	547,681	100 0	9 2	7 3	9 5	10 7	58 2	5 1	2,823	4 012	70	47
<b>Aged 62–64</b>	148 008	100 0	29 4	21 4	16 9	8 6	17 4	6 3	1,411	2 880	49	11
Less than \$200 00	22 980	100 0	48 3	25 3	8 8	2 4	5 4	9 8	733	1 625	45	12
200 00–299 00	62 286	100 0	31 4	26 1	21 5	7 1	7 3	6 6	1,268	2 703	47	8
300 00 or more	62,742	100 0	20 0	15 4	15 4	12 4	31 7	5 1	1 802	3 516	51	15
<b>Aged 65–71</b>	773 659	100 0	14 6	10 2	12 3	10 4	45 2	7 3	2 420	3 598	67	44
Less than \$200 00	75,818	100 0	28 1	16 0	12 4	6 3	16 0	21 2	1,056	1,810	58	41
200 00–299 00	212 902	100 0	25 3	17 3	20 2	11 7	18 2	7 3	1 687	3,145	54	28
300 00 or more	484,939	100 0	7 8	6 3	8 8	10 4	61 6	5 1	2 955	4,077	72	52
<b>Women</b>	397 105	100 0	29 5	20 3	18 0	10 8	16 7	4 7	1 520	2 625	58	21
Less than \$200 00	107 984	100 0	54 3	22 0	8 3	2 9	4 1	8 4	702	1 660	42	15
200 00–299 00	178,508	100 0	27 6	27 2	26 2	10 2	5 6	3 2	1 384	2 616	53	15
300 00 or more	110,613	100 0	8 2	7 7	14 2	19 3	47 0	3 6	2 537	3,579	71	38
<b>Aged 62–64</b>	94 401	100 0	45 8	26 2	12 6	4 2	7 1	4 1	898	1 890	48	6
Less than \$200 00	42 887	100 0	63 9	23 8	4 4	1 0	1 6	5 3	557	1 403	40	6
200 00–299 00	40 606	100 0	35 0	32 7	20 8	4 9	3 4	3 2	1 085	2 177	50	5
300 00 or more	10,908	100 0	14 5	11 4	14 1	14 4	42 5	3 1	1 544	2,735	56	6
<b>Aged 65–71</b>	302 704	100 0	24 4	18 5	19 6	12 9	19 7	4 9	1 714	2 853	60	26
Less than \$200 00	65,097	100 0	48 0	20 9	10 8	4 1	5 7	10 5	798	1 830	44	22
200 00–299 00	137 902	100 0	25 4	25 6	27 7	11 8	6 3	3 2	1,472	2,745	54	18
300 00 or more	99,705	100 0	7 5	7 3	14 2	19 8	47 5	3 7	2 646	3 672	72	41

possible to obtain earnings information for persons who would have been eligible for benefits but did not file for them. Earnings data for all workers in covered employment aged 62-64 and 65-71, however, are presented in table 4.

**Table 4** — Number and percentage distribution of workers with taxable earnings, by amount of earnings, sex, and age group, 1975

Amount of earnings	Men aged—		Women aged—	
	62-64	65-71	62-64	65-71
Total number	1 590 000	1 625 000	943 000	950 000
Total percent	100	100	100	100
Less than \$500	4	9	9	15
500-999	4	8	7	11
1 000-1,499	3	8	6	10
1,500-1 999	4	8	7	11
2,000-2,519	5	14	9	15
2,520-2 999	3	6	6	7
3,000-3,499	2	3	3	3
3 500-3,999	2	2	3	2
4 000-5 999	8	7	15	8
6 000-7,999	11	6	13	6
8 000-9,999	11	6	9	4
10,000-11,999	10	5	6	3
12 000-14 099	9	4	3	2
14 100 or more	24	14	4	3

Source: Continuous Work History Sample. For a description of the sample design and estimates of sampling variability see Robert H. Finch, Jr., *Sampling Variability in the 1 Percent Continuous Work History Sample*, Social Security Administration, Office of Research and Statistics, 1977.

White men tended to be relatively more concentrated than other beneficiaries within the highest earnings groups. Fifty-seven percent of the white men aged 65-71 and 28 percent of those aged 62-64 earned at least \$8,000 in 1975 (table 5). Among beneficiaries aged 65-71, 39 percent of the men of minority races other than black earned at least that amount, compared with 34 percent of the white women and 28 percent of the black men. Among beneficiaries aged 62-64, 19 percent of the men of minority races other than black earned \$8,000 or more, compared with 12 percent of both the white women and black men. Earnings of \$8,000 or more were reported for 20 percent of the black women aged 65-71 and 25 percent of the women of other minority races in that age range, but for only 6 percent of the women of other minority races aged 62-64. Thus, men of minority races other than black tended to have higher earnings than either black men or white women and women of minority races tended to have the lowest level of earnings.

### Earnings and Primary Insurance Amount

The PIA is related to the average monthly earnings on which an individual's social security taxes are paid. It serves as the basis for computing all cash benefit amounts. Since the PIA in a limited way reflects an individual's average monthly earnings before entitlement to benefits, it might be expected that persons with high PIA's would be more likely than those with low

PIA's to have high earnings if they engage in work activities after entitlement to benefits.

Regardless of age, race, or sex, a substantially higher proportion of retired workers with PIA's of \$300 or more than of those with lower PIA's earned \$10,000 or more (tables 3 and 5). Among beneficiaries aged 65-71, for example, about 62 percent of all the men with PIA's of \$300 00 or more, compared with only 18 percent of those with PIA's of \$200 00-\$299 90, earned at least \$10,000. For women in this age group, the corresponding proportions were 48 percent and 6 percent. Among black women aged 65-71, nearly 46 percent of those with PIA's of \$300 00 or more, compared with 5 percent of those with PIA's of \$200 00-\$299 90, earned at least \$10,000. Comparable proportions for black men aged 65-71 were 44 percent and 8 percent, respectively.

Beneficiaries with the higher PIA's generally have higher benefits than those with the lower PIA's and thus have more to offset. In 1975 an individual with annual benefits of \$2,240, for example, could have earned as much as \$7,000 before losing all benefits, one with benefits of \$3,740 could have earned \$10,000 before encountering total benefit loss. Nevertheless, relatively more beneficiaries aged 65-71 with higher PIA's lost all of their benefits for the year, largely because their earnings levels were higher than those of persons with lower PIA's. Among women in this age group, 41 percent of those with PIA's of \$300 00 or more lost all their benefits, compared with 18 percent of those with PIA's of \$200 00-\$299 90. Among men in the same age range, the respective proportions were 52 percent and 28 percent. Relatively fewer beneficiaries aged 62-64 than those aged 65-71 lost all of their benefits, with little variation by PIA level. Many persons in this age group would delay filing for benefits until they reach age 65 if they realized that all of their benefits would be offset.

### Family Status and Benefit Amount

About three-fourths of the retired-worker beneficiaries who were affected by the earnings test in 1975 are classified as "worker-only" beneficiary families (table 6). Family-benefit classifications are based on the aggregation of persons entitled to benefits on the worker's earnings record. The term worker-only family therefore means that no spouse or child is entitled to benefits on the worker's earnings record. It does not necessarily mean that the worker is not married or has no children. The worker actually may be married to another beneficiary who is entitled to benefits on his or her own earnings record or to a person who does not meet the requirements for entitlement—a woman too young, for example, to become entitled to a wife's benefits.

**Table 5.—Number of retired-worker beneficiaries affected by earnings test, percentage distribution by amount of earnings, average benefit amount withheld and before withholding, and percent who lost all benefits by sex, age, race, and primary insurance amount, 1975**

Sex, age race, and primary insurance amount	Number <sup>1</sup>	Percentage distribution by amount of earnings							Average benefit amount		Ratio of benefits withheld to amount before withholding	Percent who lost all benefits
		Total	Less than \$4 000	\$4 000–5 999	\$6 000–7,999	\$8 000–9 999	\$10,000 or more	Un known	With held	Before with holding		
Men	921 667	100 0	16 9	12 1	13 1	10 1	40 7	7 1	\$2 258	\$3 483	0 65	39
Aged 62–64												
White	130 087	100 0	28 6	20 4	16 9	8 9	18 8	6 4	1 435	2 911	49	12
Less than \$200 00	17,338	100 0	47 8	23 6	9 0	2 7	6 6	10 3	726	1 605	45	12
200 00–299 90	53 418	100 0	31 8	25 0	21 2	7 3	8 0	6 7	1 261	2,701	47	8
300 00 or more	59 331	100 0	20 0	15 4	15 3	12 2	32 1	5 0	1 798	3,499	51	15
Black	14,761	100 0	33 4	29 7	18 1	6 2	5 9	6 7	1 224	2 548	48	8
Less than \$200 00	4,808	100 0	49 9	31 4	8 2	1 3	1 7	7 5	755	1 689	45	9
200 00–299 90	7 345	100 0	28 3	32 7	24 3	5 9	2 6	6 2	1 305	2 679	49	7
300 00 or more	2,608	100 0	17 4	18 3	18 6	16 0	23 3	6 4	1 862	3 766	49	10
Other	2 784	100 0	32 5	24 0	15 3	7 3	11 6	9 3	1 328	2,846	47	9
Less than \$200 00	747	100 0	48 7	24 1	8 6	2 1	3 1	13 4	765	1,700	45	13
200 00–299 90	1,366	100 0	31 6	28 0	19 4	6 8	5 9	8 3	1,312	2,913	45	7
300 00 or more	671	100 0	16 2	15 9	14 3	14 3	32 8	6 5	1 990	3 984	50	11
Aged 65–71												
White	709 203	100 0	13 9	9 7	11 9	10 3	47 1	7 1	2 474	3 641	68	45
Less than \$200 00	61 256	100 0	26 3	15 1	12 6	6 6	17 5	21 9	1 082	1 802	60	42
200 00–299 90	184 557	100 0	25 3	16 7	19 9	11 8	19 0	7 3	1 696	3 151	54	29
300 00 or more	463 390	100 0	7 7	6 2	8 6	10 2	62 2	5 1	2 967	4 078	73	52
Black	48 439	100 0	24 8	18 8	18 9	7 9	20 0	9 6	1 780	3 178	56	27
Less than \$200 00	11 781	100 0	36 8	20 5	11 2	4 5	8 9	18 1	925	1 840	50	32
200 00–299 90	21 531	100 0	26 0	23 0	24 8	11 9	7 6	6 7	1 591	3 068	52	20
300 00 or more	15 127	100 0	10 5	9 1	13 9	16 9	43 8	5 8	2 547	3 956	64	38
Other	11 262	100 0	21 8	14 7	14 9	10 2	28 4	10 0	1 922	3 319	58	35
Less than \$200 00	2 257	100 0	30 8	17 2	13 0	6 8	11 8	20 4	1 051	1 881	56	39
200 00–299 90	4 598	100 0	29 4	19 7	19 2	9 5	13 5	8 7	1,586	3 318	48	24
300 00 or more	4,407	100 0	9 2	8 3	11 4	12 8	52 4	5 9	2 718	4 057	67	42
Women	397 105	100 0	29 5	20 3	18 0	10 8	16 7	4 7	1 520	2 625	58	21
Aged 62–64												
White	84 386	100 0	45 0	26 2	13 1	4 3	7 4	4 0	914	1 919	48	5
Less than \$200 00	36 520	100 0	63 5	24 0	4 5	1 0	1 8	5 2	561	1 414	40	6
200 00–299 90	37 573	100 0	35 3	32 5	20 9	4 9	3 3	3 1	1 085	2 185	50	5
300 00 or more	10 293	100 0	14 9	11 5	14 0	14 5	42 3	2 8	1,545	2,742	56	6
Black	8,734	100 0	52 2	25 9	9 4	3 0	4 1	5 4	761	1 641	46	6
Less than \$200 00	5,601	100 0	66 5	22 7	3 6	7	6	5 9	535	1,342	40	8
200 00–299 90	2,603	100 0	30 6	36 3	20 2	5 6	3 1	4 2	1,089	2,090	52	4
300 00 or more	530	100 0	6 8	7 4	18 9	14 5	45 8	6 6	1 542	2,614	59	6
Other	965	100 0	50 6	27 2	10 3	11 3	4 7	5 9	724	1 666	43	7
Less than \$200 00	565	100 0	63 7	24 6	5 0	4	7	5 6	537	1,327	40	7
200 00–299 90	341	100 0	35 5	34 3	18 4	2 9	2 9	6 0	1 012	2 064	49	6
300 00 or more	59	100 0	9 9	19 4	9 9	1 6	52 5	6 7	1 469	2 613	56	9
Aged 65–71												
White	279 898	100 0	23 7	18 3	19 8	13 2	20 3	4 7	1 742	2 887	60	27
Less than \$200 00	56 299	100 0	47 2	20 9	11 2	4 3	6 0	10 4	810	1 847	44	22
200 00–299 90	127,897	100 0	25 5	25 4	27 9	11 8	6 3	3 1	1 474	2 755	54	17
300 00 or more	95 702	100 0	7 6	7 2	14 2	19 8	47 5	3 7	2 649	3 673	72	41
Black	19 407	100 0	33 0	21 9	17 1	9 1	10 9	8 0	1 327	2,431	55	22
Less than \$200 00	7 667	100 0	54 3	20 4	7 9	2 9	3 1	11 4	704	1,721	41	18
200 00–299 90	8 464	100 0	24 3	28 9	25 4	10 9	4 8	5 7	1,435	2 615	55	20
300 00 or more	3 276	100 0	5 6	7 2	17 5	18 1	45 8	5 8	2 509	3,619	69	35
Other	1 932	100 0	29 7	19 4	17 9	9 5	15 9	7 6	1 447	2,462	59	29
Less than \$200 00	680	100 0	47 6	24 3	10 8	3 8	3 2	10 3	736	1,655	44	22
200 00–299 90	890	100 0	24 6	21 6	27 4	10 4	9 3	6 7	1 433	2,589	55	25
300 00 or more	362	100 0	8 3	4 9	8 3	18 0	55 8	4 7	2 821	3 669	77	51

<sup>1</sup>Excludes 5,131 men and 1 783 women for whom race and age data were not available

**Table 6** — Number and percentage distribution of retired-worker beneficiaries affected by earnings test and amount of family benefits withheld and before withholding, by age group, sex, race, and type of beneficiary family, 1975

Sex, race and type of beneficiary family	Retired worker beneficiaries affected by earnings test						Amount of family benefits (in thousands)					
	Total		Aged 62-64		Aged 65-71		Total		Aged 62-64		Aged 65-71	
	Number <sup>1</sup>	Percent age distribution	Number	Percent age distribution	Number	Percent age distribution	Withheld	Before with holding	Withheld	Before with holding	Withheld	Before with holding
Total	1 318 772	100 0	242 409	18 4	1 076 363	81 6	\$2 684 559	\$4 252 463	\$293 672	\$604 700	\$2 390 887	\$3 647,763
Men	921 667	69 9	148 008	11 2	773 659	58 7	2 080 963	3 210 208	208 876	426 278	1,872 087	2 783 930
Women	397,105	30 1	94 401	7 2	302 704	22 9	603,596	1 042 255	84 796	178 422	518 800	863,833
Men <sup>1</sup>	916 536	100 0	147 632	100 0	768 904	100 0	2 067 823	3,192 687	208 425	425 317	1 859 398	2 767,370
White	839 290	91 6	130 087	88 1	709 203	92 2	1 941 361	2 961 708	186 628	379 710	1 754 733	2 581 998
Black and other	77 246	8 4	17,545	11 9	59,701	7 8	126 462	230 979	21,797	45 607	104 665	185 372
Women <sup>1</sup>	395 322	100 0	94 085	100 0	301 237	100 0	600 859	1 037 822	84 540	177 911	516 319	859 911
White	364 284	92 1	84 386	89 7	279 898	92 9	564,916	969 927	77 156	161 963	487,760	807,964
Black and other	31 038	7 9	9 699	10 3	21 339	7 1	35 943	67 895	7 384	15 948	28,559	51 947
Beneficiary family	1 318 772	100 0	242 409	100 0	1 076 363	100 0	2 684 559	4 252 463	293 672	604 700	2 390 887	3 647 763
Worker only	1 001 077	75 9	183 599	75 7	817 478	75 9	1 833 306	2 806 274	182 166	382,331	1 651 140	2 423 943
Men	610 713	46 3	91,553	37 7	519 160	48 2	1 242 636	1 788 310	100,319	210 375	1 142 317	1 577 935
Women	390 364	29 6	92 046	38 0	298 318	27 7	590 670	1 017 964	81 847	171 956	508 823	846 008
Worker and spouse	237 507	18 0	33 239	13 7	204 268	19 0	660 785	1 070 099	64 749	116 700	596 036	953 399
Worker and children	33 727	2 6	10 077	4 2	23,650	2 2	72 424	141,593	15,958	36,528	56 466	105 065
Worker spouse and children	46 461	3 5	15 494	6 4	30 967	2 9	118 044	234,497	30 799	69 141	87 245	165 356

<sup>1</sup> Excludes 5 131 men and 1 783 women for whom race data were not available

Only 6 percent of the retired-worker beneficiaries affected by the earnings test in 1975 had dependent children entitled to benefits on their earnings records. This proportion was higher than the corresponding percentage for all retired-worker families. At the end of 1975, about 475,000 retired-worker families, representing 3 percent of the more than 17 million on the rolls, had dependent children. The proportion of beneficiary families with dependent children who were affected by the earnings test was somewhat higher for those in which the worker was aged 62-64 than for those with workers aged 65-71. Relatively more of the older families consisted of a worker and an entitled spouse.

Two percent of the retired women workers had entitled husbands and/or children.<sup>7</sup> Therefore, detailed benefit and earnings data in table 7 for families with dependents are shown only for men workers and dependents. The earnings data shown apply only to the earnings of the worker, and the amounts of benefits withheld apply only to the benefits that the worker and his dependents lost because of the worker's earnings. Data are not available that show earnings of dependents and the benefit losses resulting from their own earnings in families with both the worker and the dependents affected by the earnings test. Information about cases in which only the dependents lost benefits because of their own earnings are discussed later.

Monthly benefit amounts for families with dependents are larger than those for worker-only beneficiaries with

<sup>7</sup> Until March 1977, a husband had to be dependent on his wife before her retirement in order to qualify for benefits. No dependency test has been used to qualify women for wife's benefits.

the same PIA because they include amounts to which dependents are entitled.<sup>8</sup> Among retired-worker families who lost benefits because of the earnings test in 1975, 86 percent of those consisting of a worker and a wife and 83 percent of those with dependent children received monthly benefits of \$300 or more. The corresponding proportion for men worker-only families was only 52 percent. It generally takes more earnings beyond the exempt amount to offset the benefits payable to families with dependents than it does to offset the benefits for families without dependents. Thus, beneficiary families with dependents lost a lower proportion of their benefits than did the men worker-only beneficiary families (table 7). Relatively more worker-only beneficiary families than those in other beneficiary-family groups lost all the benefits that would have been payable to them during the year if they had not worked. Forty-five percent of the men worker-only families lost all their benefits, compared with 31 percent of the worker-and-wife families and 15-18 percent of the families with children.

Lower earnings for workers who had entitled children also partly account for the proportionately smaller benefit losses experienced by members of that group. About 31-32 percent of the workers with entitled children had earnings of \$10,000 or more, compared with 40-42 percent of the families consisting of a worker and wife or a male worker only.

<sup>8</sup> The spouse and children of a retired worker may each receive 50 percent of the worker's PIA subject to a statutory maximum, which normally ranges from 150 percent to 188 percent of the PIA. If total benefits for all family members exceed this maximum, the benefits for the dependents are proportionately reduced. The earnings test is applied against the amount that the family actually receives.

**Table 7.**—Number of retired-worker beneficiaries affected by earnings test, percentage distribution by amount of earnings, average benefit withheld and before withholding, and percent who lost all benefits, by type of beneficiary family and monthly benefit amount, 1975

Type of beneficiary family and monthly benefit amount	Number	Percentage distribution by amount of earnings							Average benefit amount		Ratio of benefits with held to amount before withholding	Percent who lost all benefits
		Total	Less than \$4 000	\$4 000-5 999	\$6 000-7 999	\$8 000-9,999	\$10 000 or more	Unknown	With held	Before withholding		
<b>Worker only</b>												
Men	610 713	100 0	16 5	12 0	13 1	10 2	40 2	8 0	\$2 035	\$2 928	0 69	45
Less than \$200 00	94 786	100 0	31 6	17 9	12 5	8 2	13 2	16 6	1,079	1 749	62	31
200 00-299 90	200 233	100 0	25 1	19 0	20 5	11 0	17 6	6 8	1,492	2 706	55	26
300 00 or more	315 694	100 0	6 5	5 9	8 8	10 2	62 5	6 1	2,666	3 424	78	60
Women	390 364	100 0	29 4	20 4	18 0	10 8	16 7	4 7	1,513	2 608	58	22
Less than \$200 00	125 099	100 0	51 6	23 2	9 3	4 4	4 3	7 2	797	1 697	47	13
200 00-299 90	163,742	100 0	25 9	26 0	26 3	10 5	7 8	3 5	1 411	2 684	53	16
300 00 or more	101 523	100 0	7 8	7 7	15 4	18 9	46 4	3 8	2,561	3 607	71	41
<b>Worker and spouse<sup>1</sup></b>	234 137	100 0	16 8	14 0	12 1	9 7	42 1	5 3	2 790	4 516	62	31
Less than \$200 00	6 644	100 0	27 0	13 2	10 5	9 1	24 0	16 2	1 619	2 348	69	20
200 00-299 90	25 598	100 0	36 7	20 4	15 1	6 6	12 2	9 0	1,327	2,855	46	16
300 00-399 90	60 496	100 0	24 0	15 6	17 3	11 9	26 5	4 7	1 933	3 789	51	20
400 00-499 90	77 694	100 0	14 5	10 2	13 0	12 1	45 9	4 3	2 667	4 705	57	28
500 00 or more	63 705	100 0	3 5	3 5	5 1	6 2	77 3	4 4	4 463	5 869	76	54
<b>Worker and children<sup>1</sup></b>	30 769	100 0	20 6	15 0	15 2	10 6	32 0	6 6	2 215	4 290	52	18
Less than \$200 00	1 380	100 0	30 8	15 8	9 9	5 7	20 0	17 8	1 315	2 030	65	21
200 00-299 90	3 845	100 0	36 8	22 5	13 6	5 2	10 9	11 0	1 230	2 680	46	14
300 00-399 90	6 084	100 0	30 0	21 6	20 1	8 6	13 0	6 7	1 585	3 700	43	10
400 00-499 90	10 580	100 0	18 8	14 6	17 8	15 0	28 8	5 0	2 238	4 634	48	13
500 00 or more	8 880	100 0	7 6	7 6	10 5	9 7	60 0	4 6	3,187	5,333	60	30
<b>Worker, spouse and children<sup>1</sup></b>	46 048	100 0	20 8	15 6	15 1	10 7	31 3	6 5	2 540	5,050	50	15
Less than \$200 00	2 187	100 0	32 2	18 2	10 0	5 2	17 3	17 1	1 360	2 101	65	21
200 00-299 90	5 629	100 0	37 0	25 3	13 1	4 7	8 6	11 3	1 216	2 681	45	15
300 00-399 90	5 737	100 0	30 3	24 0	19 8	8 3	10 0	7 6	1 641	3 830	43	8
400 00-499 90	7 651	100 0	24 8	18 3	21 0	12 8	16 6	6 5	2 137	4 986	43	7
500 00 or more	24,844	100 0	12 7	10 6	13 2	12 4	47 0	4 1	3 276	6 149	53	19

<sup>1</sup>Excludes women workers

The differences between families with and without children were more pronounced at the higher benefit levels. Among families with monthly benefits of \$400 00-\$499 90, for example, 46 percent of the workers in worker-and-wife families earned \$10,000 or more, compared with 29 percent of the workers in worker-and-children families. For families with monthly benefits of \$500 or more, the corresponding proportions were 77 percent and 60 percent. Among those receiving monthly benefits of this magnitude, 54 percent of the worker-and-wife families and 30 percent of the worker-and-children families lost all their benefits because of the worker's earnings.

### Type of Employment

Information about the type of employment in 1975 (wage and salary, self-employment, or a combination of the two) was available for 85 percent of the retired workers affected by the earnings test. Sixty-seven percent of the men retired workers and 81 percent of the women retired workers were known to be wage and salary workers (table 8). Relatively more men (18 percent) than women (5 percent) were self-employed or had a combination of wage and salary employment and

self-employment. Three percent of all women in covered employment (8 percent of those aged 62-64 and 9 percent of those aged 65-71) reported self-employment income in 1975. The corresponding proportions for men reporting self-employment income were 10 percent, 20 percent, and 25 percent.<sup>9</sup>

Compared with wage and salary workers, proportionately more of the self-employed and of workers with earnings from a combination of wage and salary employment and self-employment had annual earnings of \$10,000 or more. Among men, 54 percent of both the self-employed and of workers who had earnings from both wage and salary employment and self-employment had earnings this high, compared with 42 percent of those who were exclusively wage and salary workers. The corresponding proportions for women were 30 percent, 31 percent, and 17 percent. Thirty-eight percent of the women who were self-employed and 32 percent of those who had earnings from both wage and salary

<sup>9</sup>For a discussion of wage and salary workers who switch to self-employment at older ages and the effect of continued self-employment of older workers with substantial self-employment experience, see Bertram Kestenbaum, *Self-Employment and Retirement Age* (Research and Statistics Note No. 15), Office of Research and Statistics, Social Security Administration, 1976.



**Table 8.—Number of retired-worker beneficiaries affected by earnings test, percentage distribution by amount of earnings, average benefit withheld and before withholding, and percent who lost all benefits, by sex, type of employment, and primary insurance amount, 1975**

Sex type of employment and primary insurance amount	Total		Percentage distribution by amount of earnings							Average benefit amount		Ratio of benefits with held to amount before with holding	Percent who lost all benefits
	Number	Per cent	Total	Less than \$4 000	\$4 000–5 999	\$6 000–7,999	\$8 000–9 999	\$10 000 or more	Un known	With held	Before with holding		
<b>Men</b>	921 667	100 0	100 0	16 9	12 1	13 1	10 1	40 7	7 1	\$2,258	\$3,483	0 65	39
Wage and salary	613,478	66 6	100 0	18 6	12 8	14 5	11 4	42 3	4	2,294	3 647	63	35
Less than \$200 00	46,791	5 1	100 0	44 2	24 3	14 7	5 1	10 4	1 3	874	1 899	46	19
200 00–299 90	173 471	18 8	100 0	30 3	20 9	24 1	12 4	11 7	6	1 512	3,127	48	17
300 00 or more	393 216	42 7	100 0	10 4	7 8	10 2	11 7	59 6	3	2 806	4 084	69	44
Self-employed	138,987	15 1	100 0	15 4	11 6	11 2	7 8	53 8	2	2 645	3,815	69	46
Less than \$200 00	11 221	1 2	100 0	47 3	22 1	13 1	5 1	12 0	4	913	2 026	45	21
200 00–299 90	47,989	5 2	100 0	23 9	18 1	15 1	8 5	34 2	2	1 811	3 238	53	33
300 00 or more	79 777	8 7	100 0	5 9	6 3	8 3	7 8	71 6	1	3 390	4 417	77	58
Wage and salary and self-employed	26 236	2 8	100 0	11 6	11 2	12 6	10 4	54 1	1	2,517	3,790	66	42
Less than \$200 00	1 708	2	100 0	34 2	24 1	15 6	7 6	18 4	1	967	1,887	51	27
200 00–299 90	7 563	8	100 0	19 2	18 1	19 0	12 4	31 2	1	1,760	3,113	57	30
300 00 or more	16 965	1 8	100 0	5 9	6 8	9 4	9 9	67 9	1	3 011	4,283	70	48
Unknown	142,966	15 5	100 0	12 1	9 5	9 1	6 7	18 6	44 0	1 679	2 404	70	48
Less than \$200 00	39,078	4 2	100 0	15 0	9 9	7 2	5 7	17 6	44 6	1 114	1,529	73	53
200 00–299 90	46 165	5 0	100 0	17 1	14 5	12 9	6 2	8 9	40 4	1,639	2,535	65	38
300 00 or more	57,723	6 3	100 0	6 3	5 2	7 4	7 8	27 1	46 2	2,575	3,785	68	53
<b>Women</b>	397,105	100 0	100 0	29 5	20 3	18 0	10 8	16 7	4 7	1 520	2 625	58	21
Wage and salary	320 865	80 8	100 0	30 9	21 4	19 3	11 5	16 7	2	1 557	2 757	56	18
Less than \$200 00	77,541	19 5	100 0	62 4	24 8	8 2	2 1	2 1	4	641	1 754	37	9
200 00–299 90	150 835	38 0	100 0	28 4	28 0	27 7	10 7	5 0	2	1,391	2 696	52	12
300 00 or more	92,489	23 3	100 0	8 7	7 9	14 7	20 5	48 0	2	2 595	3 699	70	35
Self employed	14 786	3 7	100 0	27 8	17 9	14 9	8 9	30 4	1	1,926	2 935	66	38
Less than \$200 00	3 349	9	100 0	54 2	20 2	11 7	4 6	9 2	1	806	1 774	45	21
200 00–299 90	6 107	1 5	100 0	30 9	24 3	17 6	8 3	18 2	1	1 544	2 734	56	31
300 00 or more	5 330	1 3	100 0	7 7	9 3	13 9	11 8	57 2	1	3,068	3,894	76	58
Wage and salary and self employed	3,777	1 0	100 0	19 9	16 9	19 1	12 5	31 5	1	1 923	3,024	64	32
Less than \$200 00	712	2	100 0	43 6	26 8	15 8	4 7	9 0	1	796	1,721	46	19
200 00–299 90	1 416	4	100 0	21 0	22 4	25 4	13 8	17 3	1	1,545	2 722	57	24
300 00 or more	1 649	4	100 0	8 5	8 0	15 0	14 1	54 3	1	2,194	3,844	57	43
Unknown	57 677	14 5	100 0	22 4	15 3	11 5	7 3	12 2	31 3	1,184	1 782	66	41
Less than \$200 00	26 382	6 6	100 0	31 2	14 3	7 7	5 0	8 9	32 9	867	1,393	62	33
200 00–299 90	20 150	5 1	100 0	20 9	22 6	16 9	7 0	5 4	27 2	1,271	1,978	64	30
300 00 or more	11 145	2 8	100 0	4 6	4 6	10 9	13 4	32 1	34 4	1,776	2,400	74	47

employment and self-employment lost all their benefits because of earnings, compared with only 18 percent of the women wage and salary workers. Among men, all benefits were lost by 46 percent of the self-employed, 42 percent of those with earnings both from wage and salary employment and self-employment, and 35 percent of the wage and salary workers.

### State of Residence

As table 9 shows, about one-third of all retired workers affected by the earnings test of 1975 lived in four States: New York (162,000), California (116,000), Illinois (84,000), and Pennsylvania (82,000). One-fourth lived in six other States, each of which had 38,000–68,000 affected beneficiaries: Florida, Massachusetts, Michigan, New Jersey, Ohio, and Texas. In contrast, 16 States and the District of Columbia each had fewer than 10,000 affected beneficiaries and together accounted for only 6 percent of the retired workers who lost benefits because of their earnings.

The proportion of men earning \$10,000 or more a year ranged from 26 percent in Maine and Mississippi to 64 percent in Alaska. The proportion of women earning this much ranged from 7 percent in Maine and 10 percent in Mississippi to 40 percent in Alaska. In 22 States and the District of Columbia, 40 percent or more of the men workers affected by the test earned \$10,000 or more, in 16 States and the District of Columbia, 16 percent or more of the women affected earned this much. Nine of these States are located in the Middle Atlantic, East North Central, or Pacific divisions. In no East or West South Central State did as many as 40 percent of the men or 16 percent of the women earn as much as \$10,000.

### Dependent and Survivor Beneficiaries Types of Benefits

Certain dependents and survivors of retired, disabled, and deceased workers are also eligible for monthly cash

**Table 9.**—Number of retired-worker beneficiaries affected by earnings test, percent with earnings of \$10,000 or more, average benefit amount withheld and before withholding, and percent who lost all benefits, by State of residence and sex, 1975<sup>1</sup>

State and geographic division	Men					Women				
	Number	Percent with earnings of \$10,000 or more	Average benefit amount		Percent who lost all benefits	Number	Percent with earnings of \$10,000 or more	Average benefit amount		Percent who lost all benefits
			Withheld	Before withholding				Withheld	Before withholding	
<b>New England</b>										
Maine	4 828	26 1	\$1 940	\$3 337	27	2 093	6 7	\$1,189	\$2 368	13
New Hampshire	4,025	32 0	2 151	3,518	31	1 971	13 9	1 428	2 667	13
Vermont	2 076	30 0	2 143	3,532	30	1 056	15 0	1 443	2 604	17
Massachusetts	28 607	42 8	2 543	3,743	46	16 295	12 6	1 563	2 629	23
Rhode Island	5 236	37 2	2 354	3 553	33	2 593	12 3	1 499	2 638	16
Connecticut	16,933	42 5	2 425	3,646	40	8,120	13 9	1 612	2,766	19
<b>Middle Atlantic</b>										
New York	107 065	47 6	2,575	3 672	45	55 209	24 9	1,847	2 891	14
New Jersey	42,661	46 6	2,526	3 659	43	19 660	22 2	1,766	2 833	23
Pennsylvania	56,758	40 3	2 320	3,539	38	25,157	15 0	1 508	2,630	19
<b>East North Central</b>										
Ohio	41,755	40 2	2 263	3,469	42	15 552	12 6	1 444	2 526	22
Indiana	20 173	41 8	2 305	3 709	36	9 036	16 8	1 471	2 658	17
Illinois	58 647	46 5	2 415	3,564	44	25 682	16 3	1 674	2 735	11
Michigan	26 808	46 7	2 367	3,682	32	10 978	22 5	1 620	2 727	23
Wisconsin	17,965	38 7	2 179	3,599	33	7,974	15 6	1 398	2,612	15
<b>West North Central</b>										
Minnesota	14 665	39 1	1,997	3 405	31	6 031	12 0	1,230	2 486	14
Iowa	14 462	44 1	2,106	3 495	34	5 435	14 9	1,358	2 571	17
Missouri	20 185	39 3	2 238	3 488	37	9 766	13 6	1,436	2 599	18
North Dakota	4,388	49 9	1,772	3,418	41	968	11 1	1 115	2,330	13
South Dakota	3,529	33 3	1 878	3,263	29	1 263	12 1	1 155	2 336	12
Nebraska	8 616	39 8	2,128	3,472	34	3,144	12 7	1 263	2,498	15
Kansas	12,070	41 8	2 177	3,553	42	4 675	15 3	1 361	2 523	16
<b>South Atlantic</b>										
Delaware	2,174	41 8	2,217	3,534	37	918	19 3	1,382	2,548	19
Maryland	15 330	44 0	2,353	3,462	45	6,465	21 0	1 607	2,653	28
District of Columbia	3,060	40 9	2,333	3,165	52	1,927	22 1	1 643	2,512	38
Virginia	16 599	35 3	2 087	3,272	38	7 464	13 9	1,348	2 474	18
West Virginia	5 481	38 6	2 241	3 500	37	2 165	12 7	1,344	2 449	17
North Carolina	17,891	27 7	1 905	3,228	30	8 398	10 3	1 216	2 406	13
South Carolina	8 423	27 2	1,857	3 169	30	4,076	11 2	1,305	2,494	14
Georgia	15 747	30 7	1,985	3 213	35	6,957	12 1	1,339	2 440	18
Florida	43,187	36 8	2 054	3,368	35	17,169	15 9	1 375	2,478	21
<b>East South Central</b>										
Kentucky	10,414	33 7	2 070	3,308	35	4 141	10 7	1 269	2 389	17
Tennessee	15 677	31 6	2,017	3 278	34	7 349	11 4	1 302	2 438	15
Alabama	12,424	32 3	2 031	3,277	34	4,934	13 4	1 394	2,518	16
Mississippi	8,288	25 8	1 796	3,053	29	3,458	9 6	1 160	2,270	14
<b>West South Central</b>										
Arkansas	7 522	29 1	1 860	3,159	32	3 121	10 3	1,225	2 337	15
Louisiana	13 294	34 3	2 128	3,325	38	4 118	12 4	1 392	2 435	21
Oklahoma	11 315	36 4	2,147	3 374	38	4 860	13 6	1,339	2 481	18
Texas	49 867	37 0	2,196	3 384	39	18 430	13 7	1,354	2 438	20
<b>Mountain</b>										
Montana	3,227	41 6	2 022	3 400	30	1,039	15 7	1 393	2,518	19
Idaho	3,276	34 6	1 890	3,374	27	1,062	11 9	1,033	2,278	12
Wyoming	1 743	37 5	2 130	3 446	33	544	18 4	1,377	2,530	19
Colorado	8 667	40 1	2,306	3 590	39	3,069	14 4	1,378	2,447	24
New Mexico	3,436	34 1	2,058	3 323	35	1 273	18 3	1,350	2 433	21
Arizona	8 136	39 6	2 151	3,504	35	3,335	21 1	1 447	2,632	21
Utah	3,713	42 9	2 199	3,542	39	1 435	14 6	1 199	2,440	15
Nevada	3 453	42 9	2 329	3,360	44	1,200	12 7	1 749	2,470	26
<b>Pacific</b>										
Washington	13 438	45 2	2 148	3,528	35	5 161	17 1	1,411	2 601	21
Oregon	8 629	41 1	2 074	3,461	35	3,510	17 0	1,348	2 564	18
California	81,478	45 8	2,328	3,499	43	34,031	18 6	1,585	2 669	26
Alaska	805	63 6	2,327	3 388	42	266	40 0	1,953	2 758	44
Hawaii	3 364	36 3	2 090	3 477	37	879	20 9	1,446	2 429	26

<sup>1</sup>Excludes beneficiaries for whom State data were not available

benefits based on the workers' earnings records. In 1975, their benefits were subject to reduction or loss under the same annual and monthly earnings tests that applied to retired workers. The following types of benefits were affected:

**Wife's benefit.** The benefit payable to the wife or divorced wife of a retired or disabled worker. A wife

must be aged 62 or over or have an entitled minor or disabled child in her care. A divorced wife must be aged 62 or over and have been married to the worker for at least 20 years (Effective January 1979, a divorced wife must have been married to the worker for only 10 years.) To qualify on the basis of her husband's transitionally insured status, a wife must be

aged 72 or over. Wives may receive up to 50 percent of the PIA.

**Child's benefit.** The benefit payable to an unmarried child or eligible grandchild of a retired, disabled, or insured deceased worker. The child must be under age 18, a full-time student aged 18–21 or, if an undergraduate, reach age 22 before completing the current semester or quarter, or be a dependent disabled person aged 18 or over whose disability began before age 22. A grandchild may be eligible for benefits on his grandparent's earnings record if his or her parents are either disabled or dead and the grandchild is dependent on the grandparent for at least half of his or her support. Children of retired and disabled workers may receive up to 50 percent of the PIA. Children of deceased workers may receive up to 75 percent of the PIA.

**Aged widow's benefit:** The benefit payable to a widow or surviving divorced wife aged 60 or over. The beneficiary need not have an entitled child in her care. Widows may receive from 71.5 percent to 100.0 percent of the PIA, depending on age at entitlement and the reduction status of the deceased husband's benefit.

**Widowed mother's and father's benefit.** The benefit payable to a widowed mother or father or a surviving divorced mother under age 65 who has in her or his care an entitled child under age 18 or a person aged 18 or over entitled because of a childhood disability that began before age 22. These beneficiaries may receive up to 75 percent of the PIA.

**Parent's benefit:** The benefit payable to a dependent parent (aged 62 or over) of a deceased fully insured worker. Parents may receive up to 82.5 percent of the PIA.

About 336,000 dependent and survivor beneficiaries—or 3.6 percent of all such beneficiaries on the rolls at the end of 1975—had earnings high enough to cause the loss of some or all of their benefits. Seventy-one percent of these beneficiaries were survivors of deceased workers, 16 percent were dependents of disabled workers, and 13 percent were dependents of retired workers (table 10). The dependents of retired and disabled workers counted here exclude those in families in which the worker also lost benefits.

More than one-fifth of the widowed mothers on the benefit rolls, as well as three-fifths of the widowed fathers and one-tenth of the wives of disabled workers, lost some or all of their benefits because of earnings.<sup>10</sup> Considerably smaller proportions of the other dependent and survivor beneficiaries lost some benefits. Widowed mothers and fathers and wives of disabled workers are generally younger than aged widows and wives of retired workers and are therefore more likely to be in the labor force. At the end of 1975, almost all widowed-mother and widowed-father beneficiaries and 85 percent

<sup>10</sup> The proportion of widowed fathers affected by the earnings test might have been greater if all fathers whose children were survivor beneficiaries had applied for benefits. Fathers have been eligible only since 1975. A working father whose wife died before that year had no reason to apply. Even if they were working, however, mothers have routinely filed for benefits along with their children.

**Table 10.**—Number and percentage distribution of dependent and survivor beneficiaries under age 72 on rolls at end of year and of those affected by earnings test and amount of benefits withheld and before withholding, by type of beneficiary, 1975

Type of beneficiary sex and age	Dependent and survivor beneficiaries							
	On rolls at end of year		Affected by earnings test					Ratio of benefits withheld to amount before withholding
	Number	Percentage distribution	Number <sup>1</sup>	Percentage distribution	Percent on rolls	Amount of benefits (in thousands)		
					Withheld	Before withholding		
Total	9 276 076	100.0	335 529	100.0	3.6	\$302 648	\$529 912	0.57
Dependents of retired workers								
Total	2 448 527	26.4	44 484	13.2	1.8	26 656	43,396	61
Wives	1 900 047	20.5	34 939	10.4	1.8	22 305	34 046	66
Children <sup>2</sup>	548,480	5.9	9 545	2.8	1.7	4 351	9,350	47
Dependents of disabled workers								
Total	1 872 444	20.2	53 845	16.0	2.9	28 839	49 227	59
Wives	461 403	5.0	44 690	13.3	9.7	25 212	41 337	61
Children <sup>2</sup>	1 411 041	15.2	9 155	2.7	6	3 627	7 890	46
Survivors of deceased workers								
Total	4 955 105	53.4	237 200	70.8	4.8	247 153	436 569	57
Widows <sup>3</sup>	1 589 714	17.1	72 824	21.7	4.6	75 718	155 277	49
Widowed								
Mothers	644 902	6.9	135 464	40.4	21.0	155 742	239 422	65
Fathers	4 620	1	2 705	8	38.5	1 467	2 273	65
Children <sup>2</sup>	2 712 435	29.2	26 197	7.8	1.0	14 220	39 580	36
Parents	3 434	1	10	1	3	6	17	35

<sup>1</sup> Excludes 21 husbands and 12 widowers who were affected.

<sup>2</sup> Excludes disabled children.

<sup>3</sup> Excludes disabled widows.

**Table 11.**—Number of dependent and survivor beneficiaries who lost benefits because of own earnings, percentage distribution by amount of earnings, average benefit amount withheld and before withholding, by type of beneficiary and age, 1975

Type of beneficiary and age	Number	Percentage distribution, by amount of earnings						Average benefit amount		Ratio of benefits withheld to amount before withholding
		Total	Less than \$3,000	\$3 000–5 999	\$6 000–8 999	\$9 000 or more	Un-known	With held	Before with holding	
<b>Dependents of retired workers</b>										
Wives	34 939	100 0	9 6	30 8	22 3	18 0	19 3	\$638	\$974	0 66
Under 35	359	100 0	11 1	40 2	24 0	11 1	13 6	474	856	55
35–49	5,559	100 0	6 9	39 7	23 8	16 6	13 0	550	894	62
50–61	15 955	100 0	8 1	41 0	23 0	16 9	11 0	579	915	63
62–64	3,335	100 0	23 0	29 1	11 7	19 9	16 3	530	929	57
65–71	9 731	100 0	9 1	18 3	14 5	20 2	37 9	832	1 141	73
Children	9 545	100 0	29 0	46 6	8 0	3 6	12 8	456	979	47
Under 18	905	100 0	34 5	33 2	2 4	3 5	26 4	378	950	40
18 and over	8 640	100 0	28 4	48 0	8 8	4 0	10 8	464	981	47
<b>Dependents of disabled workers</b>										
Wives	44 690	100 0	6 9	38 7	26 2	16 3	11 9	564	925	61
Under 35	5 494	100 0	7 4	38 9	25 0	13 2	15 5	467	860	54
35–49	22 434	100 0	6 2	38 6	26 7	16 7	11 8	562	928	61
50–61	15 986	100 0	7 3	39 2	26 2	16 9	10 4	609	957	64
62–71	776	100 0	17 3	27 8	14 2	18 0	22 7	469	743	63
Children	9 155	100 0	28 2	49 3	8 2	6 0	8 3	396	862	46
Under 18	1 215	100 0	39 1	41 8	3 4	4 1	11 6	353	928	38
18 and over	7,940	100 0	26 6	50 4	8 9	6 3	7 8	403	851	47
<b>Survivors of deceased workers</b>										
Widows	72 824	100 0	27 3	40 8	12 6	11 6	7 7	1 040	2,132	49
Under 62	14 800	100 0	32 8	49 7	6 1	6 8	4 6	734	1 728	42
62–64	31 442	100 0	27 5	44 6	11 7	10 9	5 3	1 011	2 162	47
65–71	26 582	100 0	24 0	31 3	17 3	15 0	12 4	1 246	2 325	54
Widowed mothers	135 464	100 0	7 6	30 7	27 8	22 5	11 4	1 150	1 767	65
Under 35	15 946	100 0	8 5	33 9	28 7	17 2	11 7	1 072	1 823	59
35–49	66 694	100 0	6 8	30 1	28 4	23 8	10 9	1 110	1 753	63
50–64	52 824	100 0	8 4	30 5	26 8	22 5	11 8	1 236	1 769	70
Widowed fathers	2 705	100 0	3 0	11 6	15 4	50 0	20 0	542	840	65
Under 35	635	100 0	4 1	15 7	16 4	47 3	16 5	721	1 049	69
35–49	1 165	100 0	2 3	9 8	12 4	52 8	22 7	487	811	60
50–64	905	100 0	3 2	12 6	15 6	49 2	19 4	489	730	67
Children	26 197	100 0	31 2	49 0	9 6	4 3	5 9	542	1,510	36
Under 18	2 670	100 0	47 4	41 1	3 0	2 1	6 4	484	1,770	27
18 and over	23,527	100 0	29 5	49 9	10 3	4 6	5 7	549	1,481	37
Parents	10	100 0	40 0	30 0	10 0	10 0	10 0	574	1,677	35

of the wives of disabled workers receiving benefits were under age 62, and 67 percent of the mothers and fathers and 62 percent of the wives were under age 50<sup>11</sup> In contrast, only 6 percent of the wives of retired workers were under age 62 Only 2 percent of the wives of retired workers and 5 percent of the aged widows lost benefits in 1975 because of their earnings

One percent of all child beneficiaries lost benefits Most of them were student beneficiaries aged 18–22 who had sizable earnings from part-time and summer employment Some students had left school temporarily and worked for a while

The 336,000 dependents and survivors who lost some benefits because of the earnings test in 1975 obviously had earnings of more than \$2,520 Many other dependent and survivor beneficiaries may also have had earnings exceeding that figure, even though they were not

<sup>11</sup>Widowed mother's and father's benefits are terminated when the youngest child attains age 18, unless the child is disabled Since, by definition, all disabled workers are under age 65, their wives tend to be younger than the wives of retired workers

counted among those who lost benefits Sometimes the benefit for a working dependent or survivor continues to be paid because, under the family maximum provision of the law, the total family benefit amount would remain the same whether or not the withholding is processed<sup>12</sup>

The family maximum is generally reached when there are more than two beneficiaries receiving benefits on an earnings record That situation is far more likely for widowed-mother, father-and-children, or disabled-worker-wife-and-children families than for other family groups since, in these families, the parents are generally younger than in other families Thus, the proportion of widowed mothers and fathers and wives of disabled

<sup>12</sup>Individual benefits for dependents or survivors in large families are proportionately reduced to keep total family benefits within the limit determined by the family maximum provision If one member earns enough to necessitate withholding of benefits, the amount withheld is added, proportionately, to the benefits of the other members, bringing the total once again to the maximum Since the amount payable to the family remains the same, no withholding is instituted For more details on this procedure, see Barbara A. Lingg, "Widowed Father Beneficiaries," *Social Security Bulletin*, February 1977, pages 28–29

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workers who had earnings of more than \$2,520 is probably higher than that shown in table 10. The number of wives and children of retired workers who had excess earnings may also be somewhat understated.

### Earnings and Benefit Losses

The dependent and survivor beneficiaries who lost benefits because of their own earnings forfeited a total of \$303 million during 1975—or 57 percent of the \$529 million that would have been payable to them had there been no deductions for earnings. Widowed fathers and mothers tended to have higher earnings than did other types of beneficiaries (table 11). Fifty percent of the widowed fathers had earnings of \$9,000 or more and 15 percent earned between \$6,000 and \$8,999. Fifty percent of the widowed mothers earned \$6,000 or more, compared with 24 percent of the aged widows, 40 percent of the wives of retired workers, and 42 percent of the wives of disabled workers.

The ratios of benefits withheld to benefits before withholding did not differ much between the groups, partly because of the widely differing amounts before withholding. For those who lost benefits because of earnings, the average annual benefit before withholding ranged from \$840 for widowed fathers to \$2,132 for

aged widows. These amounts reflect the effects of the family maximum provision and the different proportions of the worker's PIA payable to dependents and survivors. The low average benefit payable to widowed fathers reflects the low earnings of their deceased wives.

Among the women with children in their care, relatively fewer of those under age 35 than those aged 35 or older had earnings of \$6,000 or more. Many of the younger beneficiaries had young children and may have had to restrict their work activity to care for them. Earnings levels for widowed fathers, however, did not vary with age. Among aged widows, the proportion with earnings of \$6,000 or more was substantially lower for those aged 60–61 than for those aged 62–64, and the latter proportion was somewhat lower than that for those aged 65–71. Since the benefits for widows are actuarially reduced for each month of entitlement before age 65, many widows with fairly high earnings would not file for benefits until they attained that age.

Relatively few child beneficiaries earned \$6,000 or more. Those who did were most likely to be student beneficiaries who left school for a while and then returned. Some child beneficiaries with earnings of this magnitude probably had completed high school and obtained full-time employment before their benefits were terminated at age 18.

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## Notes and Brief Reports

### Institutionalized SSI Recipients Covered by Medicaid, June 1977\*

The supplemental security income (SSI) program provides a maximum payment of \$25 a month to aged, blind, and disabled recipients in institutions where the Medicaid program is paying more than 50 percent of the costs or charges in treating or maintaining such individuals.<sup>1</sup> This Federal SSI payment is intended to cover personal needs such as clothing and upkeep, personal care, and various items not ordinarily provided through the payment for basic institutional care.

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<sup>1</sup> Such institutions are generally classified as hospitals, skilled nursing homes, and intermediate-care facilities.

In addition, States are permitted (required in some cases) either to maintain the recipient's income level before receipt of SSI or to enable the recipient to obtain personal need items and services included under the State plan that exceed in cost the SSI payment of \$25. States have the option of having the Social Security Administration make these payments in their behalf (federally administered State supplementation) or to make these payments themselves (State-administered State supplementation).

This report provides selected data on the demographic and economic characteristics of individuals receiving federally administered payments (Federal SSI and federally administered State supplementation) and residing in covered facilities during the study month. Data are not available for individuals in such facilities who received a State-administered State supplementary payment only.

In June 1977, approximately 202,000<sup>2</sup> persons in institutions received a federally administered payment under the SSI program (table 1). These persons represented 5 percent of the 4.2 million persons receiving federally administered SSI payments during the month. Fifty-seven percent (or more than half) were disabled, 42 percent were aged, and 1 percent were blind. The majority of the recipients—87 percent—were adults, almost evenly divided between the aged and the disabled. The remaining 13 percent were children, most of whom were disabled.

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<sup>2</sup> The number shown may be somewhat lower than that previously reported for this month because of differences in the files used to obtain recipient counts. The data used here are derived from the SSI Management Information Extract File for June 1977, and the number (201,932) is based on individual case records because 2,691 records were incomplete.