

Old-Age and Survivors Insurance Beneficiaries: Assets and Liabilities at End of 1951

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The Bureau of Old-Age and Survivors Insurance, in its national survey of beneficiaries' resources conducted at the end of 1951, collected information on the assets and liabilities of older beneficiaries. Like other older men and women in their communities, some beneficiaries had been able to save for their later years—although often only a little—and some had been unable to put anything by or had been obliged to use up their capital so that whatever they once had is now gone. Information on the net worth of elderly beneficiaries is given in the following pages.

OLD-age and survivors insurance beneficiaries who have been able to accumulate something in the way of assets find their holdings an important resource in two ways. Not only may the assets in themselves provide an income, but their capital value may be used to supplement an income that is insufficient for current needs. It is significant, therefore, that three-fourths of the old-age and aged-widow beneficiaries had assets of some kind at the end of 1951, although the value of the assets may have been small or there may have been debts that exceeded the assets in value. An eighth of the men and aged widows and a tenth of the women old-age beneficiaries had cash, stocks, bonds, and other liquid assets worth \$5,000 or more—enough to last for 8 years if used at the rate of \$50 a month. A tenth of the men, a twelfth of the aged widows, and a twentieth of the women old-age beneficiaries owned their homes, other real estate, or other non-liquid assets, and had \$5,000 or more in liquid assets.

These findings as to the net worth of old-age and aged-widow beneficiaries are derived from an analysis of the final tabulations of selected data on assets and liabilities¹ collected in

the 1951 national survey of beneficiary resources.² The figures relate to the 15,923 beneficiaries in the survey who received benefits all 12 months of the year.³ These men and women constitute nine-tenths of all the beneficiaries in the sample and account for eight-tenths of 1 percent of the total number of old-age and aged-widow beneficiaries to whom benefits were paid in December 1950, when the sample was selected.

No attempt has been made in the surveys of old-age and survivors insurance beneficiaries to ascertain how much they had in assets and liabilities when they first became entitled to benefits and how their net worth had changed between then and the beginning of the survey year. All that is known about their assets is what they had at the beginning of the year, what they used for living during the year,

² For findings from the preliminary data and a description of the survey see the *Bulletin* for August 1952. For findings based on the final tabulations of selected data relating to income, and a summary of the characteristics of beneficiaries in the survey, see the *Bulletin* for June 1953. There is no conflict between the earlier conclusions and those based on the final figures.

³ Benefits could have been suspended during the survey year for receipt of wages in covered employment of more than \$50 in a calendar month, receipt of net earnings in covered self-employment of more than \$600 in a calendar year, or as a penalty for violation of certain provisions of the Social Security Act. The 1952 amendments to the act raised to \$75 and \$900, respectively, the amounts beneficiaries could earn in covered employment without losing their benefits. None of these earnings limitations applies to beneficiaries aged 75 and over.

and what they had at the end of the year. All that is known about their liabilities is the amounts they owed at the beginning of the year, the debts they incurred for living during the year, and the liabilities they had at the end of the year.⁴ The values reported are those given by the beneficiary.

Since old-age and survivors insurance covers most employment for wages and self-employment, beneficiaries of the program are a cross section of the older, retired population and include the well-to-do, the moderately well off, and the downright poor. Even among the men and women who were reasonably comfortable as long as they worked were some who had only limited financial resources to supplement their benefits in their retirement or to provide for their dependents.

Net Worth

Roughly 7 in 10 beneficiaries had assets that exceeded their liabilities, although for a sixth to an eighth the difference was less than \$1,000 (table 1). Two hundred and fourteen men, 41 aged widows, and 12 women old-age beneficiaries in the survey were worth \$50,000 or more at the end of 1951.

Nearly 1 in 20 beneficiaries had liabilities greater than their assets or had liabilities but no assets. Relatively more men with nonentitled wives and more married women old-age beneficiaries and relatively fewer aged widows were in this situation.

One in 4 old-age and aged-widow beneficiaries had no assets or liabilities; the proportion of nonmarried men was three times that of the married, and the proportion of nonmarried women was twice that of the married women old-age beneficiaries.

The assets of most old-age and

⁴ Account was taken only of assets used and debts incurred to meet current expenses; depletion of net worth in stock-market operations, business operations, and so forth was not counted.

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¹ All the data on assets, liabilities, and net worth relate to the resources at the end of the survey year of the "beneficiary group"—a man or woman and spouse if married, or an aged widow. The "survey year" was a period of 12 consecutive calendar months ended in October, November, or December 1951 or January 1952, depending on the date of the interview.

aged-widow beneficiaries had been acquired during the years of the wage earners' employment; few had any surplus to invest after their retirement. Early beneficiaries of the program had gone through several years of depression in the 1930's, and they had drawn heavily on their capital, if they had any to use, before they became beneficiaries; some later beneficiaries had also depleted their assets before they were interviewed in 1951. Some beneficiaries had never earned enough to save for their own later years or for the future of their dependents.

Mr. and Mrs. M, for example, had no assets of any kind, no life insurance, no medical care insurance, no automobile—nothing except Mr. M's old-age benefits of \$48.10 a month in 1951, which almost paid the rent of their apartment. Otherwise their entire support fell on an unmarried daughter who lived with them. They had no debts. Mr. M had been an unskilled factory worker in a large mid-western city. Soon after his retirement at the age of 65 in 1949, he had a stroke, and his entire right side was paralyzed. He had been confined to his bed ever since, and during 1951

he spent 18 weeks in the hospital. Mr. M's illness had "drained the couple of everything they owned," the interviewer wrote, and they were "one step from public assistance." If anything happened to the daughter so that she could no longer take care of Mr. and Mrs. M, they would have to ask for outside help, for they had no other resources. Mrs. M, being 10 years younger than her husband, will not be entitled to benefits until 1959.

Beneficiaries with the least in assets usually had small savings accounts or a few Series E Government savings bonds of low denomination, or both. Beneficiaries with the most in assets often owned their homes, other real estate, their businesses, marketable securities, or combinations of these.⁵

Mr. N's net worth was \$20, but it was in none of these assets. A friend had owed him \$120 for a number of years; Mr. N owed his doctor \$100. If the friend repaid the loan, Mr. N could pay the doctor and have \$20 left. It was not likely that he could pay the doctor otherwise on his 1951 income of \$720 (\$29 a month from old-age benefits, \$31 from old-age assistance). Widowed, Mr. N lived in a cheap rooming house in a large eastern city and "ate around," except for the free meals his son occasionally gave him. He had retired as a restaurant worker in 1945 on account of his health. In

⁵ Present value of the life insurance policies carried by the beneficiaries was not included in their assets, although the value of their borrowings on the policies was included among their liabilities. Face value of the policies was ascertained and will be analyzed in a later article. Present value was not calculated because of the variety of factors on which it depends. Some policies have no turn-in value; the present value of others depends on such variables as class and plan of the policy, its face value, the total amount of premiums paid in, the amount, if any, borrowed on the policy, the age of the insured, and so forth. To obtain these and other details about each policy in force was not practical in the national survey. The omission of the cash-surrender value of life insurance in valuing assets tends in some instances to understate a beneficiary's net worth. Analysis of the data collected in earlier surveys as to the cash-surrender value of beneficiary-owned life insurance policies shows that, by and large, high cash-surrender value was associated with high value of assets. The average present value was small, even among those who owned policies that could be surrendered for cash.

Table 1.—Percentage distribution of beneficiary groups¹ by value of net worth² at end of survey year, 1951

Net worth	Men old-age beneficiaries				Women old-age beneficiaries			Aged widows
	Total	Non-married	Married, wife entitled	Married, wife not entitled	Total	Non-married	Married ³	
All beneficiary groups								
Number of groups.	10,864	4,358	4,059	2,447	2,531	2,058	473	2,528
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Liabilities exceed assets ⁴	4.5	4.8	3.6	5.4	4.7	4.5	5.5	1.7
No assets or liabilities ⁵	22.8	37.8	13.6	11.5	28.1	31.1	15.4	24.4
Assets exceed liabilities ⁶	72.7	57.4	82.9	83.1	67.2	64.5	79.1	73.9
Less than \$500.....	7.9	12.0	5.3	4.9	11.7	12.8	7.2	10.1
500-999.....	4.3	5.5	3.5	3.4	5.2	5.6	3.4	4.7
1,000-1,999.....	6.0	6.0	5.6	6.4	6.4	6.7	4.9	5.1
2,000-2,999.....	4.6	3.9	4.8	5.6	5.3	5.3	5.5	5.1
3,000-3,999.....	4.6	4.0	4.7	5.6	4.4	4.5	4.2	4.0
4,000-4,999.....	4.2	3.2	4.9	5.0	4.2	3.9	5.5	4.1
5,000-9,999.....	17.8	10.6	22.7	22.2	15.0	13.4	22.0	18.6
10,000-24,999.....	17.7	9.1	24.1	22.4	12.5	10.1	22.6	16.8
25,000-49,999.....	3.7	1.9	4.8	4.9	2.0	1.7	3.0	3.7
50,000 or more.....	2.0	1.1	2.5	2.7	.5	.4	.8	1.6
Median.....	\$2,983	\$221	\$5,610	\$5,217	\$1,046	\$551	\$4,502	\$2,700
Beneficiary groups with assets exceeding liabilities ⁶								
Number of groups.	7,895	2,499	3,363	2,033	1,702	1,328	374	1,868
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than \$500.....	10.0	21.0	6.4	5.9	17.4	19.8	9.1	13.7
500-999.....	5.9	9.5	4.2	4.1	7.7	8.7	4.3	6.3
1,000-1,999.....	8.2	10.5	6.8	7.7	9.5	10.5	6.1	7.0
2,000-2,999.....	6.4	6.9	5.8	6.8	7.9	8.2	7.0	7.0
3,000-3,999.....	6.4	7.0	5.7	6.7	6.6	6.9	5.3	5.5
4,000-4,999.....	5.8	5.5	5.9	6.0	6.2	6.0	7.0	5.6
5,000-9,999.....	24.4	18.5	27.4	26.7	22.4	20.9	27.8	25.2
10,000-24,999.....	24.3	15.9	29.0	26.9	18.6	15.7	28.6	22.8
25,000-49,999.....	5.1	3.3	5.8	5.9	2.9	2.7	3.7	5.0
50,000 or more.....	2.7	1.9	3.0	3.3	.7	.6	1.1	2.2
Median.....	\$6,334	\$3,100	\$7,500	\$7,000	\$4,132	\$3,285	\$0,908	\$5,790

¹ Includes only beneficiaries with no benefit suspensions during survey year.

² Represents the difference between the value of assets and the value of liabilities. Assets represent the net value of an owned home, other real estate, an owned business, livestock, patents, and copyrights; and cash, bank deposits, all types of stock and bonds, and loans to others. Liabilities represent balances owed on installment purchases; bills past due on open accounts and for rent, taxes, interest on mortgages, and medical care; borrowings on life insurance and

securities; and unsecured borrowings. Life insurance is not included as an asset.

³ Husband not entitled on wife's wage record but may be on his own.

⁴ Includes beneficiary groups with liabilities but no assets.

⁵ Includes beneficiary groups whose assets and liabilities balanced and a few whose assets and liabilities were unknown.

⁶ Includes beneficiary groups with assets but no liabilities.

1951, at the age of 73, he had spent half the time in hospitals, partly as a charity patient, partly at the expense of his son who during the year had paid \$300 for his care. Mr. N had no insurance of any kind against medical care costs and no life insurance.

Mr. and Mrs. O figured their net worth as more than \$20,000 at the end of 1951, as follows—real estate mortgages, \$16,000; trailer, \$2,800; bank account, \$1,500. During the year they had reduced their bank balance by \$1,750 to buy a new automobile. Mr. O had used most of the equity in his life insurance during the depression to bolster his business, but he still had a small policy. The couple had no debts. With the security provided by his investments, Mr. O decided to retire in 1947 at the age of 67 when his incorporated electrical business was sold. In 1951 Mr. and Mrs. O had an income of \$1,466, consisting of interest on their holdings (\$800) and Mr. O's old-age benefits (\$55.50 a month); Mrs. O, being 6 years younger than her husband, had to wait until 1952 for her wife's benefits. The couple made their home in the trailer, described as "de luxe" by the interviewer, and went south in the winter, returning north in the spring for the warmer months.

At the end of 1951 Mr. and Mrs. P were worth \$183,500, and Mr. P's life was insured for \$24,000. Their assets consisted of \$143,500 in stocks, bonds, and cash in the bank, and a \$40,000 house. The house contained two apartments, in one of which the couple lived; the other was rented the entire year. They owned a late-model, expensive car and had no debts. Mr. P had been a corporation executive in a large southwestern city. When he retired in 1946 at the age of 65, he received a company pension as well as old-age benefits. In 1951 the couple's income from the pension was \$4,300; from their benefits it was \$1,217 (\$67.60 a month for Mr. P, \$33.80 for Mrs. P); and their assets yielded \$9,586 in dividends, interest, and net rent from the apartment—a total income of \$15,103. Unlike most beneficiaries, Mr. and Mrs. P were able to add to their assets during the year. They made improvements on their house costing \$1,700 and increased their bank account by \$2,000.

Table 2.—Percentage distribution of beneficiary groups¹ by ownership of non-liquid and liquid assets² at end of survey year, 1951

Ownership of assets and value of liquid assets	Men old-age beneficiaries				Women old-age beneficiaries			Aged widows
	Total	Non-married	Married, wife entitled	Married, wife not entitled	Total	Non-married	Married ³	
All beneficiary groups								
Number of groups	10,864	4,358	4,059	2,447	2,531	2,058	473	2,528
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
No assets ⁴	26.4	42.0	16.3	15.4	31.6	34.5	18.8	25.6
Nonliquid assets.....	53.5	30.4	67.2	72.1	36.8	31.5	60.0	46.9
No liquid assets ⁴	14.4	9.0	15.8	21.6	10.4	9.6	14.0	13.0
Liquid assets.....	39.2	21.4	51.4	50.5	26.5	21.9	46.1	34.0
Less than \$500.....	10.1	5.6	11.6	15.5	8.4	7.2	13.7	8.2
500-999.....	4.9	2.6	6.5	6.3	3.4	2.9	5.5	5.0
1,000-1,999.....	6.1	3.8	8.3	6.8	4.0	3.3	7.2	5.1
2,000-2,999.....	3.8	2.2	4.9	4.7	2.8	2.2	5.1	4.1
3,000-3,999.....	2.4	1.1	3.4	2.8	1.7	1.3	3.6	1.9
4,000-4,999.....	1.8	1.0	2.7	1.8	1.5	.9	4.0	1.5
5,000-9,999.....	4.9	2.3	7.0	6.0	2.8	2.5	4.4	3.8
10,000-24,999.....	3.3	1.8	4.4	4.1	1.5	1.3	2.3	3.0
25,000-49,999.....	1.0	.5	1.3	1.3	.2	.2	.2	.8
50,000 or more.....	.9	.5	1.2	1.1	.1	.15
Liquid assets only.....	20.0	27.5	16.5	12.5	31.6	34.0	21.1	27.5
Less than \$500.....	7.0	10.1	5.1	4.4	11.3	12.1	8.0	8.7
500-999.....	3.0	4.0	2.6	1.8	4.8	5.1	3.4	3.9
1,000-1,999.....	3.1	3.8	3.2	1.8	4.5	5.0	2.5	3.6
2,000-2,999.....	1.6	2.2	1.3	1.0	3.0	3.1	2.5	2.7
3,000-3,999.....	1.2	1.7	.9	.7	1.7	1.8	1.3	1.8
4,000-4,999.....	.8	1.1	.6	.6	1.3	1.5	.8	1.2
5,000-9,999.....	1.8	2.5	1.4	1.1	2.9	3.2	1.7	3.2
10,000-24,999.....	1.2	1.6	1.0	.9	1.5	1.7	.6	1.8
25,000-49,999.....	.2	.3	.2	.2	.4	.5	.2	.4
50,000 or more.....	.2	.2	.2	.1	.1	.11
Beneficiary groups with assets								
Number of groups	7,992	2,526	3,397	2,060	1,733	1,349	384	1,880
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nonliquid assets.....	72.8	52.5	80.3	85.2	53.8	48.1	74.0	63.0
No liquid assets ⁴	19.5	15.5	18.9	25.5	15.2	14.6	17.2	17.4
Liquid assets.....	53.2	37.0	61.4	59.7	38.7	33.5	56.8	45.6
Less than \$500.....	13.7	9.7	13.9	18.4	12.3	11.0	16.9	11.1
500-999.....	6.7	4.5	7.8	7.4	5.0	4.4	6.8	6.8
1,000-1,999.....	8.3	6.5	9.9	8.0	5.8	5.0	8.9	6.8
2,000-2,999.....	5.2	3.9	5.8	5.6	4.0	3.4	6.2	5.5
3,000-3,999.....	3.2	1.9	4.1	3.3	2.5	2.0	4.4	2.6
4,000-4,999.....	2.5	1.7	3.2	2.2	2.2	1.4	4.9	2.0
5,000-9,999.....	6.6	3.9	8.4	7.1	4.2	3.8	5.5	5.1
10,000-24,999.....	4.5	3.1	5.3	4.8	2.1	1.9	2.9	4.0
25,000-49,999.....	1.3	.9	1.6	1.5	.3	.4	.3	1.1
50,000 or more.....	1.2	.8	1.4	1.4	.2	.27
Liquid assets only.....	27.2	47.5	19.7	14.8	46.2	51.9	26.0	37.0
Less than \$500.....	9.4	17.4	6.1	5.2	16.6	18.5	9.9	11.6
500-999.....	4.0	6.9	3.1	2.1	7.0	7.8	4.2	5.3
1,000-1,999.....	4.2	6.5	3.8	2.2	6.6	7.6	3.1	4.9
2,000-2,999.....	2.2	3.8	1.6	1.2	4.4	4.7	3.1	3.6
3,000-3,999.....	1.6	2.9	1.1	.8	2.5	2.7	1.6	2.4
4,000-4,999.....	1.1	1.9	.7	.7	2.0	2.2	1.0	1.6
5,000-9,999.....	2.4	4.4	1.7	1.3	4.2	4.8	2.1	4.4
10,000-24,999.....	1.6	2.7	1.1	1.1	2.2	2.6	.8	2.4
25,000-49,999.....	.3	.6	.3	.2	.6	.7	.3	.6
50,000 or more.....	.3	.4	.3	.1	.2	.22

¹ Includes only beneficiaries with no benefit suspensions during survey year.

² Nonliquid assets represent the net value of an owned home, other real estate, an owned business, livestock, patents, and copyrights. Liquid assets represent cash, bank deposits, all types of stocks and bonds, and loans to others. Life insurance is not

included as an asset. Ninety-one percent of all beneficiary groups with nonliquid assets owned their homes.

³ Husband not entitled on wife's wage record but may be on his own.

⁴ Includes a few beneficiary groups whose assets were unknown.

Except for mortgages on their homes and small current bills, frequently for medical care, beneficiaries had few liabilities. Rent of living quarters, taxes on real estate, interest on a mortgage, and installment pay-

ments on a purchase contract cannot go unpaid for long. Older persons with their frequently low incomes usually are not wanted as clients for new loans; the risk is too great that they will not be able to pay off the debt.

Mortgages on old houses are hard to finance when their location and condition are too poor to provide acceptable collateral.⁶ Borrowings were not possible on the life insurance carried by many beneficiaries because of the type of their policies.

Mr. and Mrs. Q, however, had had a \$500 loan against his life insurance policy for a long time. Each year he had paid the interest as it came due, but he had not been able to reduce the principal. When the policy matures, it will yield only half its face value of \$1,000. The couple had no other debts, and they were totally without assets. Mrs. Q had been confined to her bed for a number of years, but neither she nor her husband had insurance against any of the costs of medical care. Mr. Q had retired as a skilled building-trades worker in 1947, following a work accident. He was 66 years old and immediately qualified for old-age benefits; at the same time his wife, also aged 66, was awarded wife's benefits. In 1951 Mr. Q's benefits were \$52.30 a month and Mrs. Q's were \$26.20—a total income from benefits of \$942 for the year. In addition, Mr. Q received old-age assistance of \$335 and Mrs. Q, \$593. The couple lived by themselves in a large midwestern city, where he was president of the local Townsend Club.

Mr. and Mrs. R during 1951 paid off a debt equal to a fifth of their annual income. At the beginning of the year they had owed \$300 to a finance company, \$65 in small amounts to a son, son-in-law, and nephew, and \$600 for physician's services. At the end of the year they still owed \$370. Their income was \$2,879, made up of old-age and wife's benefits (\$860), a company pension (\$1,503), and a public service pension (\$516). Mr. R had also cashed a life insurance policy for \$137. He still had two \$1,000 policies left, and Mrs. R had three small policies with a total face value of \$400. Mr. R was en-

titled to two separate pensions because, after leaving the private utility company where he had been employed for years as a semiskilled worker, he was employed by the city long enough to become entitled to a public service pension. On attaining age 65 in 1943 he got both his old-age benefits and the company pension; when he retired from his city job in 1949 he got the public service pension. Mrs. R was 2 years younger than her husband and began receiving wife's benefits in 1945. In 1951 Mr. R's benefits were \$47.80 a month; Mrs. R's were \$23.90. Mrs. R's sister, who shared their home in a large midwestern city, was almost blind and had been totally dependent on Mr. and Mrs. R for the preceding 18 years. When she dies a small life insurance policy will be paid to Mrs. R. Mr. and Mrs. R and the sister had all been sick, at times seriously, during the year. They carried no medical care insurance of any kind.

Nonliquid and Liquid Assets

Beneficiaries whose assets can easily be turned into cash are in a somewhat different situation from those whose property is less readily marketable, such as an owned home, other real estate, or an owned business. Many nonliquid assets yield a cash income, however, and those that do not, such as an owned home, also have their place in the security pattern of the owners. Fifty-three percent of the men, 37 percent of the women old-age beneficiaries, and 47 percent of the aged widows owned nonliquid assets (table 2). More than twice as many married as nonmarried beneficiary groups had nonliquid assets, partly but not entirely because more of them owned their homes. There was about the same relative difference between the married and the nonmarried in the ownership of assets when those who had liquid assets were added to those who had nonliquid assets. A fifth of the nonmarried men and women, half of the married men, slightly less than half of the married women old-age beneficiaries, and a third of the aged widows owned both nonliquid and liquid assets.

From 15 to 20 percent of the beneficiaries who had assets of any kind had no liquid assets, and their net worth was accounted for by their nonliquid

assets. Most beneficiaries with assets, however, not only owned nonliquid assets but also had such liquid assets as bonds, stocks, and money in the bank. In fact, beneficiaries who owned their homes and other nonliquid assets were more apt to have liquid assets than were beneficiaries without nonliquid assets, and the value of their liquid assets was greater.

Roughly three-fifths of all the beneficiary groups owned liquid assets of some kind at the end of 1951, but 17–20 percent had less than \$500 (table 3). Median values for the groups who had any liquid assets were in the narrow range of \$1,000–1,600 for the different beneficiary types.

Mr. and Mrs. S represent the beneficiary groups who owned practically nothing but nonliquid assets. The exception in their case was one \$25 Government savings bond. They placed their net worth at \$8,350. Their home, which was not mortgaged, they valued at \$7,000; a lot they owned was in the process of being sold for \$325; and Mr. S had a gas station he said was worth \$1,000. Mrs. S had a life insurance policy for \$230; her husband had none, having cashed it some time before 1951. Their automobile was 20 years old. They had no debts. The couple lived in a little village in one of the Central States, in a big old house filled, the interviewer said, with evidences of better days. Mrs. S had become entitled to old-age benefits under the 1950 amendments on the basis of her summer work in a local cannery. In addition to her benefits of \$20 a month, the couple's income in 1951 consisted of \$500 Mr. S netted from his gas station ("the town is overrun with gas stations," he said), \$43 Mrs. S earned working on the local board of elections, and a \$45 gift from one of their children—a total income of \$828 for the year. If they could make ends meet, Mr. and Mrs. S were satisfied. They economized in every way possible, raising all their vegetables, "being careful" with the electricity, and so forth. They could have rented rooms in their home had Mrs. S been able to care for them, but the additional work was beyond her strength. She was not ill, but at the age of 70 she could not undertake this extra activity.

Owning assets other than a home

⁶ While it is more difficult for a person in his 60's or older to obtain a loan than for one 20 or 30 years younger, elderly men and women with substantial incomes, ample liquid assets, large life insurance policies, or relatives who are in a position to guarantee repayment can usually get credit. The down payments required are often larger for older than for younger borrowers.

in certain States excludes the owner from eligibility for public assistance, no matter how small the current income or how difficult the sale of the property might be. The interviewer reported, for example, that Mrs. T, living in a small New England village and having a hard time supporting a 13-year-old grandson who lived with her, probably could not get assistance for herself or the boy because of the assets she owned in addition to her home. At the end of 1951, Mrs. T valued at \$2,000 the home she owned free and clear; she had some land in another State worth \$600, some stock she did not know much about but valued at \$500, and \$75 in the bank—a total asset value of \$3,175. She had no life insurance and no debts. Her cash income was \$500 for the year, and her daughter had paid taxes of \$37 on her home. During the year Mrs. T had sold a piece of land for \$50 and used the money to live on; she had also withdrawn \$325 from the bank and used that. She was 74 years old in 1951 and had been a widow for 8 years; her widow's benefits were \$41.20 a month, and dividends on the stock were \$7 for the year. She raised her own fruit and vegetables; her firewood was cut on her own land. She was anxious to add to her resources by working but felt she could not take a job away from home because there would be no one to care for her grandson, and home employment was not available in the village where she lived.

Home Ownership

About half of the men, a third of the women old-age beneficiaries, and two-fifths of the aged widows owned their homes at the end of 1951 (table 4). Proportionately more than twice as many couples as nonmarried old-age beneficiaries were home owners. Some beneficiaries had mortgages on their homes—either the unpaid balance on a purchase contract or as security for a direct loan. Most of these old men and women, however, owned their homes outright—80 to 85 percent of all the home owners of the different beneficiary types.

Whether an owned home is an asset or a liability depends on how much equity the beneficiary has in the property, its age, size, location, state of repair, and so forth. Many old people

Table 3.—Percentage distribution of beneficiary groups¹ by value of liquid assets² owned at end of survey year, 1951

Value of liquid assets	Men old-age beneficiaries				Women old-age beneficiaries			Aged widows
	Total	Non-married	Married, wife entitled	Married, wife not entitled	Total	Non-married	Married ³	
All beneficiary groups								
Number of groups.....	10, 864	4, 358	4, 059	2, 447	2, 531	2, 058	473	2, 528
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
No liquid assets ⁴	40.9	51.1	32.1	37.1	42.0	44.2	32.8	38.7
Liquid assets.....	59.1	48.9	67.9	62.9	58.0	55.8	67.2	61.3
Less than \$500.....	17.0	15.7	16.7	19.8	19.7	19.2	21.8	16.8
500-999.....	7.9	6.6	9.1	8.1	8.2	8.0	8.9	8.9
1,000-1,999.....	9.2	7.5	11.5	8.6	8.5	8.2	9.7	8.7
2,000-2,999.....	5.4	4.5	6.2	5.7	5.8	5.3	7.6	6.8
3,000-3,999.....	3.5	2.8	4.3	3.5	3.4	3.1	4.9	3.7
4,000-4,999.....	2.6	2.1	3.3	2.5	2.8	2.4	4.9	2.7
5,000-9,999.....	6.6	4.8	8.4	7.0	5.7	5.6	6.1	7.0
10,000-24,999.....	4.5	3.4	5.4	5.0	3.0	3.0	3.0	4.8
25,000-49,999.....	1.2	.8	1.6	1.4	.7	.7	.4	1.2
50,000 or more.....	1.1	.7	1.5	1.3	.2	.3	-----	.6
Median.....	\$270	0	\$500	\$244	\$203	\$100	\$323	\$262
Beneficiary groups with liquid assets								
Number of groups.....	6, 424	2, 132	2, 754	1, 538	1, 468	1, 150	318	1, 549
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than \$500.....	28.7	32.0	24.6	31.5	33.9	34.3	32.4	27.4
500-999.....	13.3	13.6	13.4	12.8	14.1	14.3	13.2	14.6
1,000-1,999.....	15.6	15.4	16.9	13.7	14.6	14.7	14.5	14.2
2,000-2,999.....	9.1	9.1	9.2	9.1	9.9	9.6	11.3	11.1
3,000-3,999.....	6.0	5.8	6.4	5.5	5.9	5.6	7.2	6.1
4,000-4,999.....	4.5	4.3	4.9	3.9	4.9	4.3	7.2	4.4
5,000-9,999.....	11.2	9.8	12.4	11.2	9.9	10.1	9.1	11.4
10,000-24,999.....	7.6	6.9	8.0	7.9	5.1	5.3	4.4	7.8
25,000-49,999.....	2.1	1.7	2.3	2.3	1.2	1.3	.6	2.0
50,000 or more.....	1.9	1.4	2.1	2.0	.4	.5	-----	1.0
Median.....	\$1, 511	\$1, 100	\$1, 600	\$1, 244	\$1, 155	\$1, 000	\$1, 146	\$1, 281

¹ Includes only beneficiaries with no benefit suspensions during survey year.

² Represents cash, bank deposits, all types of stocks and bonds, and loans to others.

³ Husband not entitled on wife's wage record but may be on his own.

⁴ Includes a few beneficiary groups whose assets were unknown.

who would like to sell or mortgage their homes are faced with the fact that the structures are old, not modern in plan or equipment, poorly located, and in more or less disrepair. Unsuitable as residences for persons getting along in years, they are also unsuitable for remodeling. Some beneficiaries, it is true, had made their homes over into apartments or were renting rooms. This effort to realize an income from an asset was not always entirely successful. If remodeling required financing, loan money might be hard to get. The space for rent might not be continuously occupied, and caring for the property and providing services for the tenants might be more of a burden than the owners should have assumed; they were not able to do the work themselves and could not pay someone else to do it.

Mr. U is an example. At the begin-

ning of 1951, all his resources were gone except his farm home, and that was mortgaged. He valued the property at \$10,500, and the mortgage was \$1,290. His automobile was a 1937 model. He had used his savings and cashed his Government bonds and life insurance policies to meet living expenses during periods of unemployment and to cover the costs of his own illness and his wife's illness and death a year after their entitlement to benefits. Mr. U, a skilled mechanic, had lost his job in 1948 when he reached his company's retirement age of 65. He had worked for the same employer for more than 20 years but did not get a pension. Since losing his job, he had earned very little; in 1951 his self-employment netted him \$30. His old-age benefits were \$57.70 a month, and he had a net income of \$111 for the year from an apartment in his

Table 4.—Percentage distribution of beneficiary groups¹ by home ownership and mortgage status at end of survey year, 1951

Home ownership and mortgage status	Men old-age beneficiaries				Women old-age beneficiaries			Aged widows
	Total	Non-married	Married, wife entitled	Married, wife not entitled	Total	Non-married	Married ²	
All beneficiary groups								
Number of groups.....	10, 864	4, 358	4, 059	2, 447	2, 531	2, 058	473	2, 528
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Home not owned.....	50.9	75.2	36.2	32.1	67.6	72.9	44.5	58.1
Home owned.....	49.1	24.8	63.8	67.9	32.4	27.1	55.5	41.9
Without mortgage.....	41.0	21.1	54.1	54.8	26.4	22.4	44.3	35.3
With mortgage.....	8.1	3.8	9.7	13.1	6.0	4.8	11.2	6.6
Beneficiary groups with home owned								
Number of groups.....	5, 329	1, 081	2, 585	1, 663	820	558	262	1, 059
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Without mortgage.....	83.5	84.7	84.8	80.6	81.6	82.4	79.8	84.3
With mortgage.....	16.5	15.3	15.2	19.4	18.4	17.6	20.2	15.7

¹ Includes only beneficiaries with no benefit suspensions during survey year.

² Husband not entitled on wife's wage record but may be on his own.

house—total income, \$833. His son, for whom the apartment had been built originally, had moved during the year to be nearer his work, and the place had been vacant 3 months. Mr. U said it needed redecorating and doing this would add to his expenses in the near future. Another son lived with the beneficiary but was mentally subnormal and worked only irregularly. "So," Mr. U told the interviewer, "we managed mostly on my benefits." His property contained 15 acres, but Mr. U did not try to operate it as a farm. He kept a few hens and raised all the vegetables he used throughout the year. He could do no more, in addition to the housework and repairs on his property, because of a bad hip and a bad heart. Treatment for both these conditions was indicated, but the beneficiary kept putting it off because he "couldn't afford it." He had no insurance of any kind against the costs of medical care.

Some beneficiaries solved the problem of what to do with a big old house by sharing it with relatives and living as a joint household. Twenty-two percent of the men and women old-age beneficiaries and 30 percent of the aged widows lived in their own homes and had relatives living with them at the end of 1951. The internal financial arrangements of the households varied.

Mrs. V is one of the many elderly women who owned their homes and little else. She said her house in a large eastern city was worth \$12,500 at the end of 1951, and she had \$200 in the bank. These were her total assets. She had a \$375 life insurance policy and no debts. When interviewed, she was 73 years old and had been a widow for 11 years. In 1943, Mrs. V became entitled to widow's benefits, which in 1951 were \$38.40 a month. These, together with \$3 interest on her savings, gave her an income of \$464 for the year. This money she had for her own use, to provide clothing, medical care, and other personal requirements. Her son, his wife, and their two young children lived with Mrs. V, and the son paid all the expenses of operating the home, including taxes, insurance, and the cost of repairs, utilities, food, and other items of family living.

Use of Assets

Whether or not beneficiaries were able to use assets for current needs depended not only on whether they had any to use and the value of what they had but also on whether they could turn their assets into cash or its equivalent. There is more to using assets, however, than marketability. Such property as these elderly men and women owned they regarded as the

backlog of their old-age security. While in theory there may be no reason why they should not live on their capital in their later years, in practice there are many reasons why they do not wish to do so, even if there is a market for their property. It is hard for many old people to realize that the rainy day they have been saving for has finally arrived. Each withdrawal from the bank, each cashing of a bond, frightens them as they watch their bulwark against dependency weaken and disappear. They see no prospect of rebuilding their capital as they might have done when they were younger.

An owned home that might be sold and the proceeds used currently for more suitable, even if not less expensive, quarters is kept because of its emotional value associated with most of the years of the owner's adult life; in this house he invested his savings, raised his children, and has been a respected member of the community. To part with it in his old age means the loss of more than an economic asset. Thus he continues to live, often uncomfortably, in housing that is relatively better than his other requirements that are provided by his cash income. Repairs and upkeep are neglected, and the physical condition if not the market value of the property steadily deteriorates. By letting repairs and upkeep go, however, the home owner sometimes pays less for his housing than he would have to pay in rent, and the costs of owning a home—if no less inevitable—do not have to be paid so frequently as rent.

On the other hand, there were beneficiaries who included use of savings as part of their plans for living in the later years. Some of them had accumulated their assets with that idea in mind.

Mr. W, formerly a gateman in a textile mill in a middle-sized southern city, used most of his cash after his retirement in 1950 to buy himself a home. His retirement income was certain—old-age benefits of \$58.30 and a company pension of \$26 a month—giving him a total income for the year of \$1,012. He had a small accident insurance policy and enough life insurance (\$1,600 in three policies) to cover funeral expenses and any small debts he might have when he died. He

therefore took \$820 of the \$1,000 he had in the bank to buy a one-room house on a small plot of ground and left his son's home where he had been living. Mr. W, a widower, preferred to live alone and believed he could manage successfully on his income unless he became ill, in which case he would call on his children for aid. At the end of the year he owned his house and had \$180 in the bank, his life insurance, and a 15-year-old automobile. He planned to start a garden in the spring.

Mrs. X, who had managed a real estate office in a large western city for many years, was worth \$10,000 at the end of 1951. All her assets were liquid—in stocks, bonds, and bank accounts. She had a \$1,000 life insurance policy and no debts. During the year she had withdrawn \$1,200 from the bank to supplement her income of \$1,048 in paying for her own and her sister's medical care. Mrs. X had been badly injured in a traffic accident in 1950 and had not worked since then.

Being aged 65 at the time, she received her old-age benefits immediately; they were \$67.30 a month in 1951. She bought stocks with the \$4,000 she received as indemnity for the accident, and these, with the bonds she already owned, produced an income of \$240 in 1951. Her sickness and accident insurance policy had been canceled after the accident. With her sister and the sister's husband, Mrs. X shared the home a brother had bought for them, for which they paid a nominal rent although the interviewer reported it was easily worth \$100 a month. Mrs. X had assumed a considerable share of the cost of supporting her sister, who required constant medical care and whose husband did not earn enough to pay heavy bills for doctor's services and medicines as well as the couple's ordinary living expenses. Mrs. X said she was spending at least \$40 a month just for medicines. She expected to continue using her assets to supplement her income "rather than owe anyone, even though she

died penniless." Of course, as she sells her securities to buy the things she and her sister need, her income from assets will be reduced.

Beneficiaries who used assets during the year did so for many reasons. Bank accounts were depleted and securities were sold to pay rent or taxes, interest, or other fixed charges on a home, as well as for such emergencies as the costs of sickness or accident care. Regular withdrawals of capital to supplement inadequate incomes were not uncommon. While this use of assets was sometimes according to a plan made before retirement, more often savings were used for living expenses because the beneficiaries found that otherwise they could not manage. A catastrophic illness or operation requiring weeks of hospital, physician's, and nursing care, or a chronic condition requiring constant medical attention, could wipe out the modest savings of a lifetime in as many weeks as it had required years to accumulate them.

SOCIAL SECURITY IN REVIEW

(Continued from page 2)

slightly fewer than in April. The average lump-sum amount per worker represented in the awards during May reached an all-time high of \$170.64.

FEWER CLAIMS FOR BENEFITS under the State unemployment insurance programs were filed in May 1953 than in any other May since the end of World War II. The number of initial claims continued to decline, dropping 6.7 per-

cent from the April total to 779,700. Weeks of unemployment claimed, which represent continuing unemployment, declined for the second successive month, and the total of 3.8 million was 13.0 percent less than that for April. For both types of claim the continuing downward movement was largely the result of seasonal factors.

A new postwar low for the month was also established in the number of claimants receiving benefits in an average week; from 840,400 in April the

average dropped 8.1 percent to 772,100. As the number of beneficiaries declined, the amount of benefits paid also fell off, dropping 13.1 percent to \$72.1 million; the total was 17.0 percent less than that paid a year earlier. Although the average weekly benefit check for total unemployment declined 12 cents from the previous month's average to \$23.16, this amount represented increases of 76 cents and \$2.53 from the averages paid in May 1952 and May 1951.