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## Notes and Brief Reports

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### Benefits and Beneficiaries Under Public Employee Retirement Systems, Calendar Year 1977\*

During calendar year 1977, Federal, State, and local government retirement systems paid \$27.4 billion to 5.0 million persons, of whom 4.3 million were retired employees and 0.7 million were employees' survivors. Federal Government retirement programs accounted for about two-thirds of all benefits paid (\$18.4 billion) and slightly more than half the number of beneficiaries (2.7 million). State and local government systems paid \$9.0 billion to 2.3 million beneficiaries.

The Federal civil service retirement system, four small separate Federal systems, and the 2,300-odd State and local systems surveyed by the Census of Governments are contributory—that is, systems to which some or all of the covered employees made contributions. In 1977, the contributory systems accounted for 68 percent of all benefits paid and for 75 percent of all beneficiaries. The high percentage of beneficiaries in relation to benefit dollars reflects the lower average benefits paid under State and local programs. Eight noncontributory Federal systems, the largest of which is the military retirement program, paid 32 percent of benefits to the remaining one-fourth of the beneficiaries.

Table 1 contains a breakdown of each retirement system by reason for receipt of benefits (risk) in 1977. Table 2 shows year-to-year changes in the percentage distribution of benefits and beneficiaries. The distribution of benefits by type changed only slightly from year to year. Between 1967 and 1977, there was an upward shift of approximately one-half of one percentage point per year in age-and-service benefits—from 75.1 percent in 1967 to 79.5 percent in 1977; disability benefits declined at about half that rate, from 15.3 percent to 12.8 percent. Monthly survivor benefits remained stable at 6.5-7.0 percent in that decade, and lump-sum survivor benefits declined

sharply from about 2.5 percent in 1967 to 1.0 percent in 1977.

The distribution of beneficiaries shows a 2.6 percent increase in age and service annuitants during the same period, and a corresponding decline in the percentage receiving disability benefits. The percentage of survivor beneficiaries was stable in the 10-year period from 1967 to 1977.

The Federal share of benefits paid increased about three percentage points from its 1967 level of 64 percent. The overall pattern remained the same, however, with the Federal Government paying about two-thirds of all benefits and State and local governments paying the remaining one-third. The State and local share of beneficiaries increased during the 10-year period by about 4 percent, so that in 1977 it accounted for over 45 percent of the beneficiaries being paid.

For State and local government data, 1977 was a "benchmark" year—that is, a year in which the quinquennial Census of Governments was performed. Last collected in 1972, these data are especially important for capturing information on the beneficiaries of State and local government retirement systems, figures not reported in intercensile years.

The total number of beneficiaries under public employee retirement programs rose 102 percent from 1967 to 1977; total benefits rose 344 percent. The comparatively large increase in benefits is due mainly to automatic cost-of-living increases, especially at the Federal level. The civil service retirement system experienced the greatest increase in benefits over the decade—405 percent. The greatest growth in the number of beneficiaries was registered by the State and local systems (121 percent), probably because of the creation of new systems during the 10-year span.

Table 3 shows average annual benefit amounts for the various categories. When all public employee retirement systems are considered, the 1977 average benefit was highest for age-and-service retirees—\$5,955. Disability benefits were slightly lower, and survivors received less than half that amount. The same pattern holds true for the Federal retirement systems, where the 1977 average age-and-service benefit—\$7,760—is highest, followed by the average disability benefit of \$6,246. Survivor benefits

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**Table 1.—Benefits and beneficiaries under public employee retirement systems, by reason for benefit receipt, 1977**

Retirement system	Total	Age and service	Disability	Survivor	
				Monthly	Lump-sum
Benefits (in thousands), calendar year 1977					
Total .....	\$27,428,957	\$21,795,142	\$3,499,589	\$1,842,199	\$292,027
Federal employees .....	18,428,957	14,145,142	2,869,589	1,392,199	22,027
Federal civil service .....	9,625,769	6,509,213	1,846,644	1,249,210	20,702
Other Federal employees .....	8,803,188	7,635,929	1,022,945	142,989	1,325
Contributory .....	114,697	96,225	7,849	9,298	1,325
Federal judiciary survivors <sup>1</sup> .....	1,766	.....	.....	1,766	.....
Federal Reserve Board <sup>2</sup> .....	2,846	2,285	235	326	.....
Foreign Service .....	85,657	74,734	5,551	5,200	172
Tennessee Valley Authority .....	24,428	19,206	2,063	2,006	1,153
Noncontributory .....	8,688,491	7,539,704	1,015,096	133,691	.....
Armed Forces .....	8,479,152	7,366,972	986,289	125,891	.....
Canal Zone construction .....	214	214	.....	.....	.....
Coast Guard <sup>3</sup> .....	140,677	112,716	24,053	3,908	.....
Federal judiciary <sup>4</sup> .....	9,354	8,685	619	50	.....
Federal Reserve banks <sup>2</sup> .....	27,560	23,804	803	2,953	.....
NOAA <sup>5</sup> .....	2,270	1,860	325	85	.....
Public Health Service <sup>6</sup> .....	28,767	25,017	3,007	743	.....
Tax Court <sup>7</sup> .....	497	436	.....	61	.....
State and local employees <sup>8</sup> .....	9,000,000	7,650,000	630,000	450,000	270,000
Beneficiaries, <sup>9</sup> as of June 30, 1977					
Total .....	5,006,272	3,659,940	611,398	734,932	.....
Federal employees .....	2,735,272	1,822,940	459,398	452,932	.....
Federal civil service .....	1,487,900	783,500	301,000	403,400	.....
Other Federal employees .....	1,247,372	1,039,440	158,398	49,532	.....
Contributory .....	10,605	7,825	1,076	1,704	.....
Federal judiciary survivors .....	183	.....	.....	183	.....
Federal Reserve Board .....	304	242	26	36	.....
Foreign Service .....	5,232	4,143	362	727	.....
Tennessee Valley Authority .....	4,886	3,440	688	758	.....
Noncontributory .....	1,236,767	1,031,615	157,322	47,828	.....
Armed Forces .....	1,208,321	1,009,893	152,873	<sup>10</sup> 45,555	.....
Canal Zone construction .....	305	305	.....	.....	.....
Coast Guard <sup>3</sup> .....	18,928	13,631	3,973	<sup>10</sup> 1,324	.....
Federal judiciary <sup>4</sup> .....	194	176	13	<sup>11</sup> 5	.....
Federal Reserve banks <sup>2</sup> .....	7,172	6,182	215	775	.....
NOAA <sup>5</sup> .....	147	98	23	<sup>10</sup> 26	.....
Public Health Service <sup>6</sup> .....	1,688	1,322	225	<sup>10</sup> 141	.....
Tax Court <sup>7</sup> .....	12	8	.....	<sup>10</sup> 2	.....
State and local employees <sup>8</sup> .....	2,271,000	1,837,000	152,000	<sup>12</sup> 282,000	.....

<sup>1</sup> Excludes annuities to widows of Supreme Court justices; see footnote 4.

<sup>2</sup> In October 1970, Federal Reserve banks plan became noncontributory; Board plan remained contributory. Data for calendar year; not comparable with fiscal year data (March 1-February 28) reported for Federal Reserve Board for 1969 and earlier years.

<sup>3</sup> Includes former Lifesaving and Lighthouse Services and Lighthouse widows.

<sup>4</sup> Includes retired Supreme Court justices and other Federal judges retired on salary and widows of Supreme Court justices receiving noncontributory annuities.

<sup>5</sup> National Oceanic and Atmospheric Administration commissioned officers.

<sup>6</sup> Commissioned officers.

<sup>7</sup> Retirement pay for judges, noncontributory; survivor benefits, contributory.

<sup>8</sup> Benefits estimated by Social Security Administration from Census of Governments data for fiscal years; beneficiaries estimated from most recent (1977) quinquennial Census of Governments benchmarks.

<sup>9</sup> Survivor beneficiaries represent number of individuals, unless otherwise specified.

<sup>10</sup> Represents families.

<sup>11</sup> Represents widows only.

<sup>12</sup> Represents payees not necessarily individuals.

Source: Based on reports of administrative agencies, unless otherwise indicated.

averaged less than the benefits paid to the age-and-service retirees.

In the State and local systems, 1977 was the first year since 1955 in which age-and-service annuitants received a higher average benefit than those disabled. Special provisions for police and fire fighters in many local systems had traditionally raised disability benefits above

those payable for age and service. Since 1968, however, the difference between the two types has been smaller each year, and in 1977 the age-and-service average of \$4,164 was only slightly higher than the disability average of \$4,145.

Before 1972, average survivor benefits under State and local programs were larger than those under Federal

**Table 2.**—Percentage distribution of benefits and beneficiaries under public employee retirement systems, by reason for benefit receipt and level of government, 1967 and 1975-77

Reason for benefit receipt and level of government	Percentage distribution			
	1977	1976	1975	1967
<b>All levels of government, by reason for benefit receipt</b>				
<b>Benefits</b>				
Total .....	100.0	100.0	100.0	100.0
Age and service .....	79.5	79.5	79.6	75.1
Disability .....	12.8	12.6	12.5	15.3
Survivor:				
Monthly .....	6.7	6.7	6.7	7.3
Lump-sum .....	1.1	1.2	1.3	2.4
<b>Beneficiaries</b>				
Total .....	100.0	100.0	100.0	100.0
Age and service .....	73.1	73.3	73.2	70.5
Disability .....	12.2	12.2	12.4	14.7
Survivor, monthly .....	14.7	14.5	14.4	14.8
<b>All reasons for benefit receipt, by level of government</b>				
<b>Benefits</b>				
Total .....	100.0	100.0	100.0	100.0
Federal .....	67.2	67.5	67.5	64.0
Civil service .....	35.1	35.0	34.8	30.9
Armed Forces .....	30.9	31.3	31.5	31.8
All other .....	1.2	1.2	1.2	1.3
State and local .....	32.8	32.5	32.5	36.0
<b>Beneficiaries</b>				
Total .....	100.0	100.0	100.0	100.0
Federal .....	54.6	55.5	56.0	58.4
Civil service .....	29.7	30.2	31.0	33.6
Armed Forces .....	24.1	24.5	24.2	23.8
All other .....	.8	.8	.8	1.0
State and local .....	45.4	44.5	44.0	41.6

systems. Since that year, however, the State and local average survivor benefit has dropped 17 percent while the Federal average has gone up 81 percent. In 1977, Federal average survivor benefits were 93 percent higher than their State and local counterparts. One of the main reasons for the Federal increase was a sharp rise in pre-retirement election of survivor options by members of the Armed Forces. In 1972 an amendment (P.L. 92-425) to the Retired Servicemen's Family Protection Plan liberalized the survivor option and made it more attractive. The effect of this amendment was to increase the percentage of career military personnel electing survivor benefits from 15 percent in 1972 to approximately 60 percent by 1977.

Tables 4 and 5 provide 1954-77 time-series data on public employee retirement benefits and beneficiaries. Table 4 presents data by reason for benefit receipt for all systems; table 5 contains data by level of government in

**Table 3.**—Estimated average annual benefits under public employee retirement systems, 1967 and 1975-77, and percentage change of benefit amount, 1967-77 and 1972-77, by reason for benefit receipt and retirement system

Retirement system and reason for benefit receipt	Annual benefits					
	Average amount <sup>1</sup>				Percentage change	
	1977	1976	1975	1967	1972-77	1967-77
<b>All retirement systems:</b>						
All reasons for receipt .....	\$5,421	\$5,116	\$4,821	\$2,436	49.9	122.5
Age and service .....	5,955	5,615	5,304	2,659	50.8	124.0
Disability .....	5,724	5,367	4,930	2,586	54.8	121.4
Survivor, monthly .....	2,507	2,386	2,264	1,223	42.4	105.0
<b>Federal employees:</b>						
All reasons for receipt .....	6,730	6,283	5,876	2,720	64.5	147.4
Age and service .....	7,760	7,267	6,873	3,220	61.1	141.0
Disability .....	6,246	5,793	5,253	2,600	65.8	140.2
Survivor, monthly .....	3,074	2,813	2,555	1,115	80.9	175.7
<b>State and local employees:</b>						
All reasons for receipt .....	3,844	3,661	3,478	2,036	29.7	88.8
Age and service .....	4,164	3,926	3,690	2,062	37.1	101.9
Disability .....	4,145	4,029	3,867	2,532	21.1	63.7
Survivor, monthly .....	1,596	1,647	1,720	1,482	-17.0	7.7

<sup>1</sup> Annual averages produced by dividing amount or recurrent benefits paid by the number of beneficiaries in each column.

all risk categories and presents the two major components of the Federal system—the civilian and the military—separately. In both tables, the figures for the years 1973-76 have been revised in accordance with 1977 benchmark data.

### Technical Note

Since beneficiary data for State and local government retirement systems are available only in Census of Governments or benchmark years and must therefore be estimated for intercensile years, changes should be measured from one benchmark year to another—1977, 1972, 1967.

Table 6 presents the complete 5-year revision for State and local government retirement systems. The new data have also been used to revise other tables where appropriate.

The total amount of benefits paid out under State and local retirement programs is published annually by the



**Table 6.—Benefits, beneficiaries, and estimated average annual payments under State and local retirement systems, by reason for benefit receipt, 1972-77**

Calendar year	Total, all risks	Percent of total	Age and service	Percent of total	Disability	Percent of total	Survivor, monthly	Percent of total	Survivor, lump-sum	Percent of total
Benefits (in millions)										
1972.....	\$4,535	100	\$3,770	83.0	\$315	6.9	\$250	5.5	\$200	4.4
1973.....	5,315	100	4,440	83.5	370	7.0	290	5.5	215	4.0
1974.....	6,110	100	5,115	83.7	430	7.0	330	5.4	235	3.8
1975.....	7,025	100	5,900	84.0	495	7.0	380	5.4	250	3.5
1976.....	7,980	100	6,745	84.5	560	7.0	415	5.2	260	3.3
1977.....	9,000	100	7,650	85.0	630	7.0	450	5.0	270	3.0
Beneficiaries, as of June 30 (in thousands)										
1972.....	\$1,463	100	\$1,241	84.8	\$92	6.3	\$130	8.9	.....	.....
1973.....	1,625	100	1,360	83.7	105	6.4	160	9.8	.....	.....
1974.....	1,786	100	1,479	82.8	116	6.5	191	10.7	.....	.....
1975.....	1,948	100	1,599	82.1	128	6.6	221	11.4	.....	.....
1976.....	2,109	100	1,718	81.5	139	6.6	252	12.0	.....	.....
1977.....	2,271	100	1,837	80.9	152	6.7	282	12.4	.....	.....
Average annual payments <sup>1</sup>										
1972.....	\$2,963	.....	\$3,038	.....	\$3,424	.....	\$1,923	.....	.....	.....
1973.....	3,139	.....	3,265	.....	3,524	.....	1,812	.....	.....	.....
1974.....	3,290	.....	3,458	.....	3,707	.....	1,780	.....	.....	.....
1975.....	3,478	.....	3,690	.....	3,867	.....	1,720	.....	.....	.....
1976.....	3,661	.....	3,926	.....	4,029	.....	1,647	.....	.....	.....
1977.....	3,844	.....	4,164	.....	4,145	.....	1,596	.....	.....	.....

<sup>1</sup> Annual averages produced by dividing amount of recurrent benefits paid by number of beneficiaries in each column.