

# Notes and Brief Reports

## Economic Status of Aged Persons, June 1954 \*

In mid-1954, 70 percent of all persons 65 years of age and over in the continental United States had income from employment or social insurance or both. Approximately half the remaining persons aged 65 and over were receiving old-age assistance. Almost 5 million aged persons—about 2 in every 5 men and 1 in every 3 women—were getting old-age and survivors insurance benefits. An additional 1.2 million persons benefited directly or indirectly from related programs: railroad retirement, government employees' retirement, or the veterans' compensation and pension programs.

Old-age and survivors insurance benefit checks reached 36 percent of all persons aged 65 and over in June 1954, compared with 32 percent a year earlier and 26 percent in June 1952. Beneficiaries outnumbered old-age assistance recipients almost 2 to 1 and exceeded by 25 percent the number with any income from employment during the month. In contrast to the rapid growth of old-age and survivors insurance as a source of income, both employment and old-age assistance have declined in importance during recent years (chart 1). While the total population aged 65 and over has been increasing almost 3 percent per year, the number of aged persons at work and the number receiving public assistance were approximately the same in June 1954 as in June of 1952 and 1953.

The decline in the proportion of aged persons with earned income reflects in part a reduction in employment opportunities for older workers and in part the effect of the amendments passed in 1950 and 1952 that liberalized old-age and survivors insurance benefit and coverage provisions. On January 1, 1954, there were nevertheless 1.4 million persons aged 65 and over who were fully insured but not receiving benefits. Such persons, substantially all of them pre-

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ferring employment to retirement benefits, represented more than half the 2.6 million earners aged 65 and over who were not receiving retirement benefits under old-age and survivors insurance at the end of June 1954.

There were about 400,000 aged persons receiving old-age and survivors insurance benefits in June 1954 who at the same time had some income from employment. Many of this group undoubtedly had only casual employment, perhaps a few hours a week or a few days a month, which provided a supplement to their benefit checks. Others, aged 75 and over and therefore not subject to the retirement test, had full-time employment. More than 100,000 persons receiving benefits under another public retirement program or the veterans' programs also had some income from employment (not shown separately on the table). It is probable that relatively more beneficiaries under these programs than under old-age and survivors insurance had income from employment, since the retirement test has tended to be less strict under the systems for govern-

ment employees and the income restriction on veterans' pensions has been as high as \$1,400 a year for a single person and \$2,700 for a married man. The number of old-age and survivors insurance beneficiaries with some earnings will doubtless increase beginning in 1955, when the liberalized retirement test provisions in the 1954 amendments go into effect.

The public assistance program, although of declining importance as a source of income for the aged, has continued to be highly important for those needy aged persons who are ineligible for old-age and survivors insurance or unable to make ends meet on their benefit checks. Old-age assistance recipients during the past 2 years have numbered about 2.5 million, including 400,000-500,000 persons who were also receiving old-age and survivors insurance benefits. The number who receive checks from both programs has been increasing gradually, but the rise has been proportionately slower than the increase in the number of old-age and survivors insurance beneficiaries,<sup>1</sup> and in June this group comprised less than

<sup>1</sup>Ruth White, "Concurrent Receipt of Public Assistance and Old-Age and Survivors Insurance," *Social Security Bulletin*, August 1954.

Table 1.—Estimated number of persons aged 65 and over receiving money income from specified sources, June 1954<sup>1</sup>

[In millions]

Source of income <sup>2</sup>	Total	Men	Women
Total population aged 65 and over.....	13.7	6.4	7.3
Employment.....	3.9	2.4	1.5
Earners.....	3.0	2.4	.6
Wives of earners not themselves employed.....	.9	—	.9
Social insurance and related programs <sup>3</sup> .....	6.2	3.3	2.9
Old-age and survivors insurance.....	4.9	2.6	2.3
Railroad retirement insurance.....	.5	.2	.2
Government employees' retirement programs.....	.4	.2	.2
Veterans' compensation and pension programs.....	.4	.3	.1
Beneficiaries' wives not in direct receipt of benefits.....	.2	—	.2
Old-age assistance.....	2.5	1.0	1.5
No money income or income solely from other sources.....	2.1	.4	1.7
Income from more than one of specified sources.....	1.0	.7	.3
Employment and old-age and survivors insurance.....	.4	.3	.1
Old-age and survivors insurance and old-age assistance.....	.5	.3	.2
Other <sup>4</sup> .....	.1	.1	(*)

<sup>1</sup> Continental United States. Population estimates for 1954 are not entirely comparable with those for 1951-53 used in previous *Bulletin* notes on the economic status of the aged, because of revisions by the Bureau of the Census.

<sup>2</sup> The sum of the persons shown under the four categories exceeds the number in the population by the number with income from more than one of the three main sources, as shown at the end of the table. Persons with income from sources specified may also have received income from other sources.

<sup>3</sup> Persons with income from more than one program are counted only once. The principal duplication

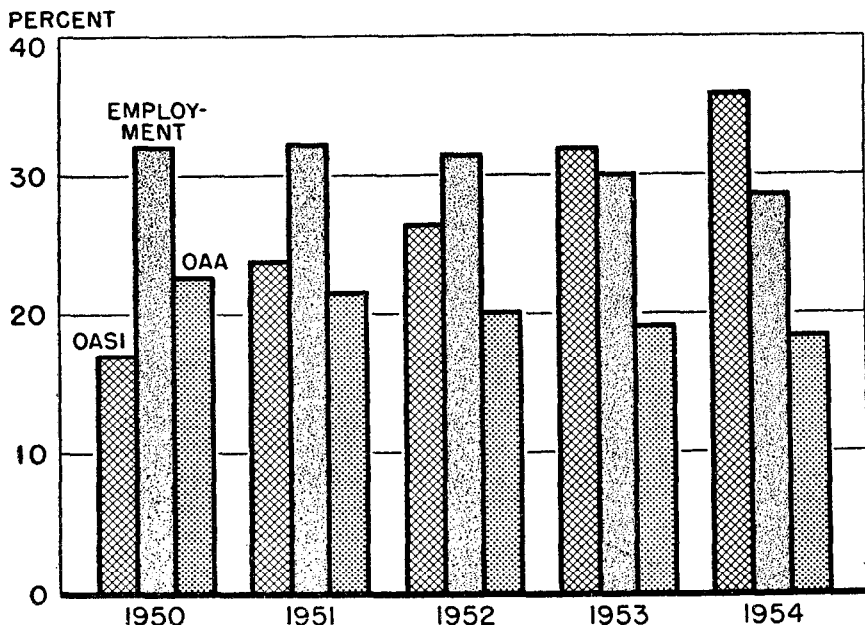
is between the old-age and survivors insurance and veterans' programs.

<sup>4</sup> Persons with income from social insurance (other than old-age and survivors insurance) or a related program and from employment or old-age assistance.

\* Fewer than 50,000.

Source: Number of persons of specified age, sex, and marital and earner status estimated from published and unpublished data of the Bureau of the Census. Number of persons receiving payments under social insurance and related programs and from old-age assistance reported by administrative agencies (partly estimated).

Chart 1.—Percent of persons aged 65 and over with income from old-age and survivors insurance, from employment, and from old-age assistance, June 1950–June 1954



10 percent of all old-age and survivors insurance beneficiaries.

Regardless of the benefit level, some beneficiaries will always have special needs—most often for medical care—that they cannot meet without assistance. It is expected, however, that the 1954 amendments raising benefit amounts (an average of \$6, for example, for old-age benefits) and liberalizing the retirement test will eliminate part of the need for public assistance payments to supplement old-age and survivors insurance benefits for some persons. The liberalization of eligibility requirements, particularly the provision that applies to survivors of certain workers who died after 1939 and before September 1950, will doubtless result in the transfer of some persons from old-age assistance to the old-age and survivors insurance rolls.

In June 1954, approximately 2.1 million aged persons had no income from employment, social insurance and related programs, or an assistance program. Some of them received private industrial or union pensions, but the number was undoubtedly small since most of the persons receiving private group pensions were also eligible for and drawing benefits under the old-age and survivors in-

surance program. Some received periodic payments under individual annuities and the settlement options of life insurance contracts. Others had income from real estate, stocks, bonds, or other investments. Some were living off their assets—that is, withdrawing from savings or using cash realized from the sale of assets. A relatively small proportion received assistance in cash from private welfare agencies or cash contributions on a regular basis from relatives. Probably a substantial number were supported by children or other relatives with whom they lived. Some were in public institutions.

All aged persons in institutions numbered less than half a million, and certainly those in public institutions did not exceed 200,000–250,000. Perhaps 7–10 percent of the institutional residents aged 65 and over were beneficiaries of old-age and survivors insurance or a related program,<sup>2</sup> and perhaps as many as one-

<sup>2</sup> See Jacob Fisher, "Trends in Institutional Care of the Aged," *Social Security Bulletin*, October 1953, for a summary of the latest data on the institutional population. There has been no enumeration of the institutional population since 1950. Different methods of estimating the number of institutional residents in June 1954 yield figures that range around 450,000.

fifth were receiving old-age assistance.

The fact that almost one-fourth of all aged women were without income from employment or from one of the public income maintenance programs, compared with barely 6 percent of the men, reflects the much lower labor-force participation rates of women and their longer life-expectancy rates. Since men are normally in the labor force throughout most of their adult lives, they are eligible for retirement benefits after age 65 when they no longer are earning—provided, of course, that they worked in covered employment. In June 1954 the percent of aged men and aged women, respectively, with income from one or both sources was as follows:

Source of income	Percent		
	Total	Men	Women
Employment.....	29	38	21
Social insurance or related program.....	45	52	40
Either or both.....	70	83	59

The situation was clearly very different for aged women than for aged men, with income from employment or social insurance much more common among the latter even when the 900,000 wives of earners are counted as having income from employment. The wives of earners comprised more than two-thirds of all aged women shown as having income from employment. The 600,000 women with some earnings from their own employment plus the 873,000 women receiving benefits in their own right as retired workers comprised only one-fifth of all aged women.

An estimated 8 percent of the aged women receiving old-age and survivors insurance benefits as retired workers in June 1954 were receiving concurrent wife's or widow's benefits—about 30,000 and 35,000, respectively. Persons entitled to old-age benefits may also be entitled to secondary (wife's or husband's, widow's or widower's, or parent's) benefits. If the secondary benefit is larger, both benefits are payable, but the secondary benefit is reduced by the amount of the concurrent old-age benefit. Although persons with concurrent benefits appear on the rolls twice, they

are counted only once in table 1. It is relatively uncommon for men to receive two benefits because a secondary benefit based on a woman's earnings would rarely exceed an old-age benefit based on a man's earnings.<sup>3</sup>

Practically all the 2.7 million married women living with their husbands had some income from employment or one of the public income maintenance programs—either in their own right or through their husbands. Of the 4 million aged widows, however, scarcely 8 percent had income from employment, and at most about a third had benefits under old-age and survivors insurance or a related program. Many widows were supported in whole or in part by old-age assistance, but even more of them had no income from the sources under consideration.

<sup>1</sup> See *Annual Statistical Supplement, 1953*, tables 41-43 (*Social Security Bulletin*, September 1954), for information on dual entitlements at the end of 1953.

## Economic Status of Widows and Paternal Orphans, June 1954 \*

Although the 2.1 million paternal orphans<sup>1</sup> in the United States comprise less than 4 percent of the Nation's children under age 18, they are of special interest from a social and economic point of view because of problems of support.

Old-age and survivors insurance, the programs administered by the Veterans Administration, and related programs provided income in June 1954 for about 60 percent of the children under age 18 with father dead. While the proportion of paternal orphans receiving payments under the veterans' pension and compensation programs has remained constant at about 15 percent since 1950, the proportion receiving old-age and survivors insurance benefits has increased from less than one-third to about one-half of all paternal orphans in

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<sup>1</sup> The term paternal orphan, as used here, relates to all children with father dead, including those who have lost both parents.

**Table 1.—Estimated number of children under age 18 with father dead and of widows under age 65 receiving money income from specified sources, June 1954**

[In millions]

Source of income	Children under age 18 with father dead	Widows under age 65 <sup>2</sup>		
		Total	With 1 or more children under age 18	Other
Total in population <sup>3</sup> .....	2.1	3.6	0.7	2.8
Employment <sup>4</sup> .....	.2	1.9	.4	1.6
Social insurance and related programs <sup>5</sup> .....	1.2	.8	.4	.5
Old-age and survivors insurance.....	1.0	.3	.3	0
Veterans' compensation and pension programs.....	.3	.5	.1	.4
Railroad and government employees' retirement programs.....	.1	.1	(6)	.1
Aid to dependent children.....	.2	.1	.1	0

<sup>1</sup> Continental United States.

<sup>2</sup> Excludes widows who have remarried.

<sup>3</sup> Includes persons with no income and income solely from sources other than those specified. Some persons received income from more than one of the specified sources; some with income from sources specified also received income from other sources.

<sup>4</sup> Includes only persons working for pay or profit and not those supported by the earnings of a relative.

<sup>5</sup> Persons with income from more than one program are counted only once.

<sup>6</sup> Fewer than 50,000.

Source: Number of children and of widows in the population and number with employment and with children under age 18 estimated from published and unpublished data of the Bureau of the Census. Number of children under age 18 with father dead based on estimate for July 1953 prepared by the Division of the Actuary, Social Security Administration. Number of persons receiving payments under social insurance and related programs and from aid to dependent children reported by administrative agencies (partly estimated).

the United States. As shown in chart 1, there was considerable overlap between the programs, with about 7 percent of all the paternal orphans receiving benefits under both. Other social insurance programs were of slight importance as a source of income for these children.

More than half the children receiving old-age and survivors insurance benefits in December 1953 lived with a mother who also received benefits. Some lived with a widowed mother who was not entitled because of employment or remarriage. A child's eligibility for benefits is not affected by the mother's employment or her remarriage unless he is adopted by a stepfather before the death of his natural father.

The rapid increase during the past 5 years in the number of survivor children under age 18 receiving old-age and survivors insurance benefits has resulted in a continuous decline in the importance of aid to dependent children as an income source for paternal orphans. The proportion receiving such aid was down to 11 percent in June 1954. A considerable number of the paternal orphans receiving aid to dependent children were beneficiaries under the old-age and survivors insurance program whose benefits needed supplementation. This overlap, which is not shown on chart 1, is difficult to measure pre-

cisely because available information concerning recipients of aid to dependent children on the reasons for lack of support relates to the "most recent" father rather than the natural father.<sup>2</sup>

According to a study conducted by the Bureau of the Census for the Social Security Administration in October 1949,<sup>3</sup> about three-fifths of the paternal orphans live in the household of a relative who is employed. With respect to the employment of the orphans themselves, the 1949 study showed about 5 percent with some earnings. It appears probable, however, that in June 1954 the number of paternal orphans under age 18 with some income from their own employment was roughly 200,000,

<sup>2</sup> In November 1953 only about 6 percent of all children receiving aid to dependent children were old-age and survivors insurance beneficiaries. The proportion receiving both old-age and survivors insurance benefits and aid to dependent children payments was much larger among paternal orphans, who comprised only 15-16 percent of all children in the continental United States receiving aid to dependent children. See Ruth White, "Concurrent Receipt of Public Assistance and Old-Age and Survivors Insurance," *Social Security Bulletin*, August 1954, pages 12-15.

<sup>3</sup> See Jacob Fisher, "Orphans in the United States," *Social Security Bulletin*, August 1950, for a summary of data from this survey.