
Notes and Brief Reports

Beneficiaries Affected by the Annual Earnings Test in 1978*

Before 1983, beneficiaries under age 72 had benefits offset because of the earnings test provision of the Social Security Act if they had income from employment or self-employment exceeding certain exempt amounts. Beginning with 1983, the earnings test no longer applies as of the month the beneficiary attains age 70. This study presents detailed statistical data about persons affected by the earnings test in 1978.

During 1978, about 1 million retired workers aged 62-71, representing about one-tenth of those on the rolls and about one-twelfth of those eligible for benefits, had benefits offset because of the earnings test (table 1). An individual is considered eligible for benefits if he or she meets the insured status and age requirements, whether or not he or she has filed for benefits.

When assessing the effects of the earnings test, it should be noted that the number of beneficiaries on the rolls would be larger if not for the earnings limitation. Many eligible persons, particularly those aged 62-64, do not file for benefits because they realize that the earnings test means either a limitation on earnings or the withholding of some or all of their benefits. These individuals are indirectly affected by the earnings test even though they are not on the Social Security rolls.

Most of the data here are for retired-worker beneficiaries, but limited data on dependent and survivor beneficiaries who had benefits offset because of their own earnings are also presented. Excluded are disabled beneficiaries, who are subject to a test of "substantial gainful activity," and persons residing in foreign countries, who are subject to a different earnings test. Most of the data have been derived from the Social Security Administration's Master Beneficiary Record.

Effects of Earnings Test on Benefits

The 1977 Amendments to the Social Security Act provided for some important changes in the earnings test

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provisions. One of these was the establishment of two exempt amounts—one for beneficiaries under age 65 and one for beneficiaries aged 65 and over. The latter category includes beneficiaries who become age 65 before the close of the taxable year involved. For 1978, these amounts were \$3,240 and \$4,000, respectively. Benefits were withheld at the rate of \$1 for every \$2 of earnings exceeding these amounts.

The exempt amounts from 1973 to 1977 applied to all beneficiaries, regardless of age, up to age 72: \$3,000 in 1977, \$2,760 in 1976, \$2,520 in 1975, \$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 1969-72), 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 each \$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.¹ In addition, these earnings may have been subject to income and Social Security taxes, and the worker probably would also have incurred some work-related expenses.

Table 2 illustrates the effects of the 1978, 1975, and 1972 earnings tests on a hypothetical 65-year-old beneficiary with annual Social Security benefits of \$4,000 and various amounts of annual earnings. In 1978, this beneficiary could earn up to \$12,000 before benefits were totally offset, compared with \$10,520 in 1975 and \$6,280 in 1972. If the beneficiary earned \$8,000 in 1978, he or she would gain \$6,000 (disregarding taxes and work expenses). A beneficiary with the same earnings in 1975 would gain \$5,260 and in 1972 would gain \$4,000.

Another change from the 1977 amendments was in the application of the monthly earnings test. Previously, benefits were payable for any month in which earnings did not exceed certain specified amounts or the individ-

¹ For a description of the effects of the earnings tests in 1977, 1975, 1973, and 1971, see the following **Social Security Bulletin** articles by Barbara A. Lingg: "Beneficiaries Affected by the Annual Earnings Test in 1977," December 1980, pages 3-15; "Beneficiaries Affected by the Annual Earnings Test in 1975," December 1978, pages 12-24; "Beneficiaries Affected by the Annual Earnings Test in 1973," September 1977, pages 3-14; and "Retired-Worker Beneficiaries Affected by the Annual Earnings Test in 1971," August 1975, pages 22-31. For further discussion of the subject, see Kenneth G. Sander, "The Retirement Test: Its Effect on Older Workers' Earnings," **Social Security Bulletin**, June 1968, pages 3-6.

ual did not render substantial services in self-employment, regardless of total yearly earnings. Under the 1977 amendments, the monthly earnings test was eliminated except for one year—the first year in which a beneficiary has a month of entitlement in which he or she does not earn over the monthly exempt amount or does not perform substantial services in self-employment. This one year is referred to as the “grace year” and could have occurred before 1978. Thus, persons who were on the rolls and had a “grace year” before 1978 were not permitted to use the monthly test in 1978.

Legislation enacted in October 1980 provided for other changes in the application of the monthly test. All beneficiaries, including those on the rolls before 1978, were given one year after 1977 to use the monthly test. Also, persons receiving benefits as children and those under age 62 receiving benefits as mothers, fathers, wives, or husbands were permitted to use the monthly test in the year their entitlement ends. Entitlement to a mother’s benefit, for example, usually ends when her youngest child attains age 16. Another change was the exclusion of self-employment income received after the

year of entitlement that was attributable to services performed before entitlement. All these provisions were retroactive to 1978. Thus, certain beneficiaries who had benefits offset in 1978 as a result of the elimination of the monthly test by the 1977 amendments could have some of their benefits restored. Since the data on the number of beneficiaries and the amount of benefits withheld were extracted before the enactment of the 1980 legislation, this study reflects the 1978 test as it was effective in 1978. Therefore, the data do not include any adjustments made for 1978 because of the 1980 legislation.

The 1980 legislation also provided for separate applications for Hospital Insurance benefits under Medicare and for monthly cash benefits. Previously, a person filing for Medicare had to also file for monthly benefits. Thus, a person filing for Medicare but who was not retiring could trigger a “grace year” by an isolated month of low earnings. Therefore, the monthly test would not be available later when the person actually retired. Persons who had already used their “grace year” were allowed to withdraw their applications for cash benefits

Table 1.—Retired-worker beneficiaries under age 72 on rolls at end of year and affected by earnings test, by sex and age group

Sex and age group	On rolls at end of year		Affected by earnings test							
	Number	Percentage distribution	Number	Percentage distribution	Percent on rolls	Percent eligible for benefits ¹	Amount of benefits (in thousands)		Ratio of benefits withheld to amount before withholding	Percent who had all benefits offset
							Withheld	Before withholding		
1978										
Total	10,057,261	100.0	1,055,635	100.0	10.5	8.3	\$3,057,093	\$4,638,457	0.66	38
Men	5,610,497	100.0	746,995	100.0	13.3	10.7	2,439,166	3,571,674	.68	44
62-64	940,211	16.8	108,179	14.5	11.5	4.9	222,668	433,136	.51	18
65-71	4,670,286	83.2	638,816	85.5	13.7	13.3	2,216,498	3,138,538	.71	48
Women	4,446,764	100.0	308,640	100.0	6.9	5.5	617,927	1,066,783	.58	23
62-64	966,093	21.7	67,814	22.0	7.0	3.8	73,586	161,508	.46	9
65-71	3,480,671	78.3	240,826	78.0	6.9	6.2	544,341	905,275	.60	27
1977										
Total	9,875,559	100.0	1,181,000	100.0	12.0	9.5	\$2,882,330	\$4,654,760	0.62	33
Men	5,540,929	56.1	822,252	69.6	14.8	12.0	2,259,470	3,534,088	.64	38
Women	4,334,626	43.9	358,748	30.4	8.3	6.5	622,860	1,120,672	.56	20
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
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
1970										
Total	7,674,438	100.0	1,555,678	100.0	20.3	15.2	\$1,998,225	\$2,792,429	0.72	(2)
Men	4,455,453	58.1	1,097,672	70.6	24.6	18.5	1,523,994	2,102,706	.72	(2)
Women	3,218,985	41.9	458,006	29.4	14.2	10.6	474,231	689,723	.69	(2)

¹ Percent of those aged 62-71 eligible to receive retired-worker benefits at end of year. Excludes disabled-worker beneficiaries aged 62-64.

² Data not available.

Table 2.—Examples of net receipts from benefits and earnings for beneficiaries aged 65 and over with yearly benefits of \$4,000, by annual earnings levels

Annual earnings	Amount of benefits		Amount received from earnings and benefits	Economic advantage of working (in dollars)
	Withheld	Payable		
1978				
\$1,680.....	0	\$4,000	\$5,680	\$1,680
\$2,280.....	0	4,000	6,280	2,280
\$2,520.....	0	4,000	6,520	2,520
\$3,000.....	0	4,000	7,000	3,000
\$4,000.....	0	4,000	8,000	4,000
\$6,280.....	\$1,140	2,860	9,140	5,140
\$8,000.....	2,000	2,000	10,000	6,000
\$10,520.....	3,260	740	11,260	7,260
\$12,000.....	4,000	0	12,000	8,000
\$15,000.....	4,000	0	15,000	11,000
1975				
\$1,680.....	0	\$4,000	\$5,680	\$1,680
\$2,280.....	0	4,000	6,280	2,280
\$2,520.....	0	4,000	6,520	2,520
\$3,000.....	\$240	3,760	6,760	2,760
\$4,000.....	740	3,260	7,260	3,260
\$6,280.....	1,880	2,120	8,400	4,400
\$8,000.....	2,740	1,260	9,260	5,260
\$10,520.....	4,000	0	10,520	6,520
\$12,000.....	4,000	0	12,000	8,000
\$15,000.....	4,000	0	15,000	11,000
1972				
\$1,680.....	0	\$4,000	\$5,680	\$1,680
\$2,280.....	\$300	3,700	5,980	1,980
\$2,520.....	420	3,580	6,100	2,100
\$3,000.....	720	3,280	6,280	2,280
\$4,000.....	1,720	2,280	6,280	2,280
\$6,280.....	4,000	0	6,280	2,280
\$8,000.....	4,000	0	8,000	4,000
\$10,520.....	4,000	0	10,520	6,520
\$12,000.....	4,000	0	12,000	8,000
\$15,000.....	4,000	0	15,000	11,000

and repay all cash benefits received so that the monthly test could be used in a later year of retirement.

Retired-Worker Beneficiaries

Age and Sex

About 29 percent of the 1 million beneficiaries directly affected by the earnings test were women. They represented, however, 44 percent of the retired workers aged 62-71 on the Social Security rolls (table 1). Relatively fewer women than men had benefits offset because relatively fewer women worked and relatively more of those who did had earnings below the exempt amount. In 1978, 50 percent of all women and 8 percent of women aged 65 and over were participating in the labor force, compared with 78 percent of all men and 20 percent of men aged 65 and over.² Among workers with employment covered under the Social Security program in

² *Employment and Training Report of the President, 1979*, U.S. Government Printing Office, 1979, pages 240-241.

1978, 43 percent of the women aged 62-64, compared with 25 percent of the men in that age group, had taxable earnings of less than \$4,000. Among workers aged 65-71, 68 percent of the women and 57 percent of the men had taxable earnings below that amount (table 3).

Almost 125,000 fewer retired workers had benefits offset because of the earnings test in 1978 than in 1977. This decline was partially due to the increase in the exempt amounts from \$3,000 in 1977 to \$3,240 in 1978 for those aged 62-64 and to \$4,000 for those aged 65-71. Thus, certain persons with low earnings were affected in one year but not the following year.

From 1970 to 1978, the number of beneficiaries affected by the earnings test declined about a third. One factor contributing to this decline has been the increases in the exempt amount during that period; another factor was the reduction of 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 1978. The corresponding proportions for men were 33 percent, 27 percent, and 20 percent.³

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 so too are the benefits of entitled spouses and children. In 1978, retired-worker beneficiaries and their dependents had \$3.1 billion in benefits offset—66 percent of the \$4.6 billion that would have been payable to that group had no deductions been made for earnings (table 1). Men had \$2.4 billion or 68 percent of their benefits offset, and women had \$0.6 billion or 58 percent offset. Again, these amounts reflect the earnings test as it was in effect in 1978 and do not include any adjustments re-

³ *Ibid.*

Table 3.—Workers with taxable earnings, by amount of earnings, sex, and age group, 1978

Amount of earnings	Men aged—		Women aged—	
	62-64	65-71	62-64	65-71
Total number.....	1,653,000	1,711,000	998,000	999,000
Total percent.....	100	100	100	100
Less than \$1,000.....	7	15	13	21
\$1,000-\$1,999.....	6	13	10	16
\$2,000-\$2,999.....	6	13	10	16
\$3,000-\$3,999.....	6	16	10	15
\$4,000-\$4,999.....	3	6	6	6
\$5,000-\$5,999.....	3	3	6	4
\$6,000-\$6,999.....	3	2	6	3
\$7,000-\$9,999.....	11	6	17	8
\$10,000-\$12,999.....	12	5	11	5
\$13,000-\$14,999.....	7	3	4	2
\$15,000-\$17,699.....	10	4	3	1
\$17,700 or more.....	26	14	4	3

sulting from the application of the 1980 amendments.

For most retired-worker beneficiaries, information about the amount of income from work in 1978 was available from either their annual report of earnings—if they received some benefits in 1978 and earned more than the yearly exempt amount—or entries in their earnings records. For persons not required to file annual reports because their benefits for 1978 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 some nonprofit organizations); or (3) errors occurred in processing the data. Earnings infor-

mation was available for all but 11 percent of the men and 7 percent of the women.

Many retired workers who had benefits offset had fairly high annual earnings. Twenty-seven percent of the men had earnings of at least \$17,700, the maximum amount creditable for Social Security purposes in 1978. Another 26 percent of the men had earnings of \$10,000–\$17,699. Women tended to have lower earnings than men—7 percent had earnings of \$17,700 or more and 22 percent had earnings of \$10,000–\$17,699. Forty-two percent of the women but only 22 percent of the men had earnings of less than \$7,000 (table 4).

Among those with benefits offset, 57 percent of the men aged 65–71 but only 30 percent of men aged 62–64 earned \$10,000 or more. The corresponding proportions for women were 34 percent and 8 percent. Consequently, only 9 percent of the women and 18 percent of the men aged 62–64 had all of their benefits offset due to

Table 4.—Retired-worker beneficiaries affected by earnings test, by sex, primary insurance amount, and type of employment, 1978

Sex, primary insurance amount, and type of employment	Number	Percentage distribution, by amount of earnings							Average benefit amount		Ratio of benefits withheld to amount before withholding	Percent who had all benefits offset
		Total	Less than \$7,000	\$7,000–\$9,999	\$10,000–\$12,999	\$13,000–\$17,699	\$17,700 or more	Unknown	Withheld	Before withholding		
Men	1 746,995	100.0	21.5	14.5	12.5	13.6	26.8	11.1	\$3,265	\$4,781	0.68	44
Less than \$250.00	62,382	100.0	37.8	13.8	7.7	8.2	8.4	24.1	1,381	2,196	.63	44
\$250.00–\$399.90	222,728	100.0	38.5	25.3	13.7	6.8	7.9	7.8	2,101	4,077	.52	23
\$400.00 or more	461,885	100.0	11.1	9.5	12.5	17.6	38.5	10.8	4,081	5,470	.75	53
Wage and salary	525,195	100.0	23.9	16.6	14.6	15.9	27.8	1.2	3,107	4,811	.65	36
Less than \$250.00	39,038	100.0	47.4	17.9	10.2	11.5	11.1	1.9	1,165	2,187	.53	30
\$250.00–\$399.90	155,557	100.0	42.3	29.3	15.5	6.4	5.3	1.2	1,880	4,056	.46	15
\$400.00 or more	330,600	100.0	12.4	10.6	14.8	20.8	40.3	1.1	3,914	5,477	.71	47
Self-employed	125,120	100.0	22.5	13.3	10.1	11.6	38.7	3.8	3,649	5,041	.72	53
Less than \$250.00	7,422	100.0	55.9	16.9	8.3	5.7	8.1	5.1	1,301	2,394	.54	32
\$250.00–\$399.90	44,661	100.0	36.1	19.2	11.5	9.8	19.6	3.8	2,501	4,265	.59	37
\$400.00 or more	73,037	100.0	10.7	9.3	9.5	13.2	53.5	3.8	4,589	5,785	.79	65
Wage and salary and self-employed	24,105	100.0	27.1	18.1	14.0	14.3	23.0	3.5	2,550	4,739	.54	24
Less than \$250.00	2,040	100.0	45.3	16.7	9.1	10.5	13.5	4.9	1,187	2,204	.54	31
\$250.00–\$399.90	8,434	100.0	40.0	25.2	14.1	9.0	8.7	3.0	1,910	4,103	.46	17
\$400.00 or more	13,631	100.0	16.3	14.0	14.7	18.0	33.3	3.7	3,150	5,497	.57	29
Women	1 308,640	100.0	41.6	23.1	13.3	8.4	6.8	6.8	2,002	3,456	.58	23
Less than \$250.00	78,941	100.0	68.0	13.0	4.8	2.9	1.9	9.4	930	2,080	.45	19
\$250.00–\$399.90	156,356	100.0	42.8	32.8	13.3	4.0	2.5	4.6	1,766	3,452	.51	14
\$400.00 or more	73,343	100.0	10.5	13.2	22.5	23.8	21.1	8.9	3,660	4,946	.74	45
Wage and salary	273,567	100.0	44.7	24.8	14.2	8.8	6.5	1.0	1,919	3,465	.55	18
Less than \$250.00	68,390	100.0	75.1	13.9	5.0	3.0	1.8	1.2	841	2,093	.40	12
\$250.00–\$399.90	142,825	100.0	44.8	34.7	13.8	3.8	2.1	0.8	1,712	3,466	.49	11
\$400.00 or more	62,352	100.0	11.2	14.4	25.2	26.5	21.9	0.8	3,561	4,966	.72	39
Self-employed	13,108	100.0	34.8	16.8	11.9	11.1	20.5	4.9	2,488	3,624	.69	45
Less than \$250.00	3,325	100.0	55.2	15.8	8.9	5.3	7.0	7.8	1,200	2,168	.55	32
\$250.00–\$399.90	5,904	100.0	37.5	20.5	12.4	10.3	14.9	4.4	2,178	3,484	.63	40
\$400.00 or more	3,879	100.0	13.3	12.1	13.7	17.0	40.8	3.1	4,063	5,085	.80	64
Wage and salary and self-employed	3,875	100.0	38.3	23.7	14.8	10.8	9.8	2.6	1,916	3,579	.54	18
Less than \$250.00	919	100.0	56.6	19.2	8.2	6.1	5.2	4.7	1,012	2,020	.50	22
\$250.00–\$399.90	1,825	100.0	41.6	30.5	13.3	6.8	5.7	2.1	1,760	3,555	.50	15
\$400.00 or more	1,131	100.0	17.7	16.4	22.6	21.1	20.3	1.9	2,902	4,882	.59	23

¹ Includes 72,575 men and 18,090 women for whom type of employment data were not available.

earnings, compared with 27 percent of the women and 48 percent of the men aged 65-71 (tables 5 and 6). (Many workers aged 62-64 with high earnings did not apply for benefits because the earnings test would mean the withholding of their cash benefits and because they were not yet eligible for Medicare benefits.)

Among beneficiaries affected by the earnings test, white men tended to have the highest level of earnings. Among beneficiaries aged 65-71, 58 percent of the white men, compared with 38 percent of the black men and 47 percent of men of other minority races, earned \$10,000 or more. Comparable percents for women in this age group were 35 percent, 25 percent, and 31 percent. Among beneficiaries aged 62-64, 36 percent of the white men earned \$10,000 or more, compared with 18 percent of the black men and 27 percent of men of other minority races. Among women in this age group, 8 percent of the white women and 6 percent of the women of all minority races had such earnings.

Earnings and Primary Insurance Amount

Monthly cash benefits are based on a worker's primary insurance amount (PIA), which is related to the amount of his or her earnings in employment covered under Social Security. Monthly benefits are payable to a retired worker upon entitlement as early as age 62, but the PIA is reduced by five-ninths of 1 percent for each month of entitlement before age 65 (with a maximum reduction of 20 percent).⁴ Since the PIA reflects an individual's earnings before entitlement, 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.

Regardless of age, race, or sex, a substantially higher

⁴ If a beneficiary who has elected to retire before age 65 has subsequent earnings high enough to offset benefits for some or all of the months before 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 the smaller reduction factor.

Table 5.—Retired-worker beneficiaries aged 62-64 affected by earnings test, by sex, primary insurance amount, and race, 1978

Sex, primary insurance amount, and race	Number	Percentage distribution, by amount of earnings								Average benefit amount		Ratio of benefits withheld to amount before withholding	Percent who had all benefits offset
		Total	Less than \$4,000	\$4,000-\$6,999	\$7,000-\$9,999	\$10,000-\$12,999	\$13,000-\$17,699	\$17,700 or more	Unknown	Withheld	Before withholding		
Men, aged 62-64	1 108,179	100.0	13.9	30.5	18.8	11.6	8.6	9.3	7.3	\$2,058	\$4,004	0.51	18
Less than \$250.00 . . .	12,961	100.0	22.6	46.6	12.1	4.0	3.0	3.1	8.6	924	2,011	.46	17
\$250.00-\$399.90 . . .	47,605	100.0	16.3	36.1	24.5	10.0	3.6	3.2	6.3	1,649	3,572	.46	12
\$400.00 or more	47,613	100.0	9.1	20.5	14.9	15.3	15.0	17.2	8.0	2,777	4,977	.56	24
White	95,549	100.0	14.1	29.6	18.4	16.8	8.9	10.0	7.2	2,098	4,058	.52	18
Less than \$250.00 . . .	9,838	100.0	23.6	44.0	12.4	4.3	3.4	3.6	8.7	924	1,981	.47	18
\$250.00-\$399.90 . . .	40,861	100.0	17.2	35.8	23.7	10.0	3.7	3.4	6.2	1,636	3,568	.46	12
\$400.00 or more	44,850	100.0	9.3	20.5	14.8	15.2	14.7	17.6	7.9	2,772	4,960	.56	25
Black	9,863	100.0	12.2	39.9	22.2	9.5	5.5	2.6	8.1	1,708	3,523	.48	11
Less than \$250.00 . . .	2,539	100.0	19.6	55.8	10.9	2.3	1.6	1.3	8.5	909	2,118	.43	11
\$250.00-\$399.90 . . .	5,473	100.0	11.1	39.0	29.4	10.2	2.1	1.0	7.2	1,690	3,572	.47	9
\$400.00 or more	1,851	100.0	5.7	20.4	16.3	17.5	20.6	9.3	10.2	2,856	5,175	.55	19
Other	2,241	100.0	11.6	34.3	19.6	12.9	8.5	5.7	7.4	1,957	3,935	.50	14
Less than \$250.00 . . .	451	100.0	18.2	52.5	12.6	6.0	1.8	2.0	6.9	1,003	2,156	.47	17
\$250.00-\$399.90 . . .	1,055	100.0	11.8	37.2	25.4	12.4	4.7	1.6	6.9	1,752	3,806	.46	10
\$400.00 or more	735	100.0	7.2	19.2	15.5	17.8	18.1	13.9	8.3	2,838	5,213	.54	19
Women, aged 62-64	1 67,814	100.0	25.4	46.4	15.1	4.2	1.8	1.5	5.6	1,085	2,382	.46	9
Less than \$250.00 . . .	32,610	100.0	34.3	51.7	6.7	1.4	0.7	0.6	4.6	678	1,777	.38	7
\$250.00-\$399.90 . . .	30,845	100.0	18.2	44.3	23.6	5.5	1.3	0.8	6.3	1,349	2,788	.48	8
\$400.00 or more	4,359	100.0	9.5	22.3	17.4	15.8	14.2	12.5	8.3	2,264	4,027	.56	26
White	60,470	100.0	25.5	46.0	15.4	4.3	1.9	1.5	5.4	1,096	2,409	.45	9
Less than \$250.00 . . .	28,150	100.0	34.8	51.3	6.9	1.4	0.7	0.6	4.3	678	1,788	.38	7
\$250.00-\$399.90 . . .	28,238	100.0	18.6	44.2	23.6	5.4	1.3	0.8	6.1	1,346	2,794	.48	8
\$400.00 or more	4,082	100.0	9.8	22.6	17.0	16.0	14.1	12.2	8.3	2,253	4,022	.56	25
Black	5,752	100.0	23.5	50.0	12.8	3.3	1.3	1.3	7.8	998	2,145	.47	9
Less than \$250.00 . . .	3,526	100.0	31.5	54.2	5.1	1.3	0.5	0.6	6.8	670	1,699	.39	7
\$250.00-\$399.90 . . .	2,017	100.0	12.0	46.3	24.3	6.1	1.4	0.7	9.2	1,410	2,780	.52	10
\$400.00 or more	209	100.0	2.9	15.8	25.3	10.1	17.2	19.6	9.1	2,552	4,115	.62	34
Other	1,132	100.0	26.1	47.3	14.2	3.3	1.9	1.1	6.1	962	2,192	.44	10
Less than \$250.00 . . .	658	100.0	30.8	51.2	8.7	1.1	1.7	0.7	5.8	713	1,693	.42	10
\$250.00-\$399.90 . . .	426	100.0	20.2	43.8	22.8	5.2	1.0	0.7	6.3	1,235	2,773	.45	7
\$400.00 or more	48	100.0	12.5	25.0	16.7	16.7	12.5	8.3	8.3	1,956	3,881	.50	23

¹ Includes 526 men and 460 women for whom race data were not available.

proportion of retired workers with PIA's of \$400 or more than those with lower PIA's had earnings of at least \$13,000 (tables 5 and 6). For example, among white beneficiaries aged 65-71, 59 percent of the men and 46 percent of the women with PIA's of \$400 or more earned at least \$13,000, compared with only 17 percent of the men and 8 percent of the women with PIA's of \$250.00-\$399.90. Among black beneficiaries in this age group, 46 percent of both the men and the women with PIA's of \$400 or more had earnings at this level, compared with 8 percent of the men and 6 percent of the women with PIA's of \$250.00-\$399.90.

Family Status

About three-fourths of the retired-worker beneficiaries affected by the earnings test in 1978 are classified as "worker-only" families (table 7). 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 someone entitled to benefits on his or her own earnings record or to a person not meeting the requirements for entitlement—for example, a woman too young to be entitled to a wife's benefit.

Less than 7 percent of the retired-worker beneficiaries affected by the earnings test in 1978 had children entitled to benefits. The proportion of beneficiary families with children and affected by the earnings test was somewhat higher for workers aged 62-64 than for those aged 65-71. Relatively more of the older families consisted of a worker and an entitled spouse.⁵

⁵ The spouse and children of a retired worker may each receive 50 percent of the worker's PIA subject to a statutory family maximum, normally ranging from 150 percent to 188 percent of the PIA. If total benefits for all family members exceed this maximum, the benefits for the spouses and children are proportionately reduced. Benefits offset because of the earnings test affect the amount that the family actually receives, not just the amount the retired worker receives.

Table 6.—Retired-worker beneficiaries aged 65-71 affected by earnings test, by sex, primary insurance amount, and race, 1978

Sex, primary insurance amount, and race	Number	Percentage distribution, by amount of earnings							Average benefit amount		Ratio of benefits withheld to amount before withholding	Percent who had all benefits offset
		Total	Less than \$7,000	\$7,000-\$9,999	\$10,000-\$12,999	\$13,000-\$17,699	\$17,700 or more	Unknown	Withheld	Before withholding		
Men, aged 65-71	1 638,816	100.0	17.6	13.8	12.7	14.4	29.8	11.7	\$3,470	\$4,913	0.71	48
Less than \$250.00	49,421	100.0	29.6	14.2	8.6	9.6	9.8	28.2	1,501	2,243	.67	52
\$250.00-\$399.90	175,123	100.0	34.6	25.5	14.7	7.6	9.3	8.3	2,224	4,214	.53	27
\$400.00 or more	414,272	100.0	8.9	8.8	12.3	17.9	40.9	11.2	4,231	5,527	.77	57
White	590,503	100.0	16.9	13.3	12.5	14.5	31.0	11.8	3,540	4,962	.71	49
Less than \$250.00	40,869	100.0	27.6	13.9	8.7	9.7	10.6	29.5	1,536	2,234	.69	54
\$250.00-\$399.90	153,899	100.0	34.5	24.9	14.8	7.9	9.5	8.4	2,240	4,220	.53	27
\$400.00 or more	395,735	100.0	8.9	8.7	11.9	17.7	41.5	11.3	4,253	5,533	.77	58
Black	33,474	100.0	29.2	22.5	16.0	12.6	9.4	10.3	2,372	4,191	.57	28
Less than \$250.00	6,542	100.0	39.6	15.0	8.8	8.9	5.1	22.6	1,314	2,286	.58	42
\$250.00-\$399.90	15,555	100.0	37.6	32.6	15.2	5.3	2.9	6.4	1,918	4,103	.47	16
\$400.00 or more	11,377	100.0	11.7	12.9	21.0	24.9	21.0	8.5	3,602	5,406	.67	38
Other	10,133	100.0	24.5	17.9	14.2	13.2	19.8	10.4	2,799	4,545	.62	37
Less than \$250.00	1,521	100.0	37.0	18.1	7.5	8.7	7.2	21.5	1,450	2,349	.61	41
\$250.00-\$399.90	3,681	100.0	38.3	26.7	14.5	6.2	7.4	6.9	2,030	4,320	.47	21
\$400.00 or more	4,931	100.0	10.3	11.2	16.0	19.9	32.9	9.7	3,790	5,391	.70	47
Women, aged 65-71	1 240,826	100.0	33.1	25.3	15.9	10.2	8.3	7.2	2,273	3,759	.60	27
Less than \$250.00	46,331	100.0	55.3	17.4	7.2	4.5	2.8	12.8	1,108	2,294	.48	27
\$250.00-\$399.90	125,511	100.0	38.0	35.1	15.2	4.6	2.9	4.2	1,868	3,615	.52	16
\$400.00 or more	68,984	100.0	9.2	12.9	22.7	24.5	21.7	9.0	3,748	5,004	.75	46
White	221,869	100.0	32.5	25.3	16.1	10.5	8.4	7.2	2,292	3,795	.60	27
Less than \$250.00	40,405	100.0	54.7	17.5	7.3	4.6	2.9	13.0	1,120	2,306	.49	28
\$250.00-\$399.90	115,621	100.0	38.0	35.2	15.2	4.6	2.9	4.1	1,870	3,626	.52	16
\$400.00 or more	65,843	100.0	9.2	12.9	22.9	24.4	21.6	9.0	3,753	5,007	.75	46
Black	14,205	100.0	42.0	25.5	13.0	7.1	4.8	7.6	1,802	3,303	.55	21
Less than \$250.00	4,575	100.0	61.5	15.5	6.0	3.7	1.6	11.7	989	2,208	.45	23
\$250.00-\$399.90	7,420	100.0	40.2	34.6	14.5	3.6	2.0	5.1	1,784	3,481	.51	14
\$400.00 or more	2,210	100.0	7.6	15.7	23.4	25.9	20.4	7.0	3,545	4,975	.71	39
Other	2,990	100.0	36.9	25.4	14.1	8.8	7.9	6.9	2,003	3,379	.65	27
Less than \$250.00	902	100.0	54.4	19.3	8.5	4.3	4.0	9.4	1,122	2,246	.50	26
\$250.00-\$399.90	1,558	100.0	36.9	34.0	14.5	6.2	3.6	4.8	1,888	3,496	.54	19
\$400.00 or more	530	100.0	6.8	10.8	22.6	24.2	27.0	8.7	3,839	4,870	.79	51

¹ Includes 4,706 men and 1,762 women for whom race data were not available.

Table 7.—Retired-worker beneficiaries affected by earnings test and amount of family benefits, by age group, sex, race, and type of beneficiary family, 1978

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		Beneficiary aged 62-64		Beneficiary aged 65-71	
	Number ¹	Percentage distribution	Number	Percentage distribution	Number	Percentage distribution	Benefits withheld	Benefits before withholding	Benefits withheld	Benefits before withholding	Benefits withheld	Benefits before withholding
Total.....	1,055,635	100.0	175,993	100.0	879,642	100.0	\$3,057,093	\$4,638,457	\$296,254	\$594,644	\$2,760,839	\$4,043,813
Men.....	746,995	70.8	108,179	61.5	638,816	72.6	2,439,166	3,571,674	222,668	433,136	2,216,498	3,138,538
Women.....	308,640	29.2	67,814	38.5	240,826	27.4	617,927	1,066,783	73,586	161,508	544,341	905,275
Men ¹	741,763	100.0	107,653	100.0	634,110	100.0	2,420,097	3,547,998	220,665	431,314	2,199,432	3,116,684
White.....	686,052	92.5	95,549	88.8	590,503	93.1	2,291,083	3,318,096	200,432	387,744	2,090,651	2,930,352
Black and other.....	55,711	7.5	12,104	11.2	43,607	6.9	129,014	229,902	20,233	43,570	108,781	186,332
Women ¹	306,418	100.0	67,354	100.0	239,064	100.0	613,271	1,059,557	73,108	160,481	540,163	899,076
White.....	282,339	92.1	60,470	89.8	221,869	92.8	574,854	987,714	66,278	145,663	508,576	842,031
Black and other.....	24,079	7.9	6,884	10.2	17,195	7.2	38,417	71,843	6,830	14,818	31,587	57,025
Beneficiary's family:												
Worker only.....	782,234	74.1	125,256	71.2	656,978	74.7	2,044,048	3,004,147	164,085	340,354	1,879,963	2,663,793
Men.....	479,657	45.4	59,887	34.0	419,770	47.7	1,438,811	1,963,007	94,001	186,971	1,344,810	1,776,036
Women.....	302,577	28.7	65,369	37.2	237,208	27.0	605,237	1,041,140	70,084	153,383	535,153	887,757
Worker and spouse.....	205,878	19.5	27,262	15.5	178,616	20.3	801,999	1,224,512	72,238	125,323	729,761	1,099,189
Worker and children.....	29,153	2.8	9,556	5.4	19,597	2.2	87,527	165,715	21,719	46,508	65,808	119,207
Worker, spouse, and children.....	38,370	3.6	13,919	7.9	24,451	2.8	123,519	244,083	38,212	82,459	85,307	161,624

¹ Excludes 5,232 men and 2,222 women for whom race data were not available.

Table 8.—Retired-worker beneficiaries affected by earnings test, by type of beneficiary family, sex, and primary insurance amount, 1978

Type of beneficiary family, sex, and primary insurance amount	Number	Percentage distribution, by amount of earnings							Average benefit amount		Ratio of benefits withheld to amount before withholding	Percent who had all benefits offset
		Total	Less than \$7,000	\$7,000-\$9,999	\$10,000-\$12,999	\$13,000-\$17,699	\$17,700 or more	Unknown	Withheld	Before withholding		
Worker only.....	782,234	100.0	28.8	17.7	12.7	11.4	18.7	10.7	\$2,613	\$3,840	0.68	39
Men.....	479,657	100.0	20.8	14.2	12.2	13.3	26.3	13.2	3,000	4,093	.73	50
Less than \$250.00.....	45,870	100.0	35.0	13.1	7.7	8.6	8.6	27.0	1,325	1,941	.69	50
\$250.00-\$399.90.....	147,254	100.0	37.6	25.3	13.6	6.8	7.8	8.9	2,012	3,546	.57	27
\$400.00 or more.....	286,538	100.0	10.0	8.7	12.2	17.4	38.6	13.1	3,775	4,717	.80	61
Women.....	302,577	100.0	41.5	23.1	13.3	8.4	6.8	6.0	2,000	3,441	.58	23
Less than \$250.00.....	77,199	100.0	67.8	13.0	4.8	3.0	1.9	9.5	929	2,068	.45	19
\$250.00-\$399.90.....	153,688	100.0	42.7	32.9	13.3	4.0	2.5	4.6	1,764	3,437	.51	14
\$400.00 or more.....	71,690	100.0	10.4	13.1	22.5	23.9	21.1	9.0	3,660	4,925	.74	45
Worker and spouse.....	205,878	100.0	21.1	14.3	12.5	13.7	30.7	7.7	3,895	5,948	.65	37
Male worker.....	202,370	100.0	20.8	14.1	12.4	14.0	31.0	7.7	3,922	5,975	.66	38
Less than \$250.00.....	9,277	100.0	41.4	15.7	8.0	7.0	8.6	19.3	1,639	2,925	.56	35
\$250.00-\$399.90.....	53,038	100.0	39.6	24.1	13.3	7.1	9.7	6.2	2,304	4,870	.47	19
\$400.00 or more.....	140,055	100.0	12.3	10.3	12.4	16.9	40.6	7.5	4,686	6,595	.71	45
Female worker.....	3,508	100.0	36.6	22.9	15.0	10.5	9.8	5.2	2,369	4,367	.54	17
Worker and children.....	29,153	100.0	30.2	18.2	14.1	13.8	17.3	6.4	3,002	5,684	.53	20
Male worker.....	26,659	100.0	27.9	18.0	14.4	14.6	18.5	6.6	3,122	5,839	.53	21
Less than \$250.00.....	2,779	100.0	50.1	14.5	7.3	7.9	7.6	12.6	1,369	2,825	.48	25
\$250.00-\$399.90.....	9,017	100.0	41.6	27.7	14.6	5.9	5.1	5.1	2,101	5,176	.41	11
\$400.00 or more.....	14,863	100.0	15.3	12.7	15.7	21.0	28.8	6.5	4,070	6,804	.60	27
Female worker.....	2,494	100.0	54.9	20.2	10.7	6.4	3.4	4.4	1,718	4,032	.43	9
Worker, spouse, and children.....	38,370	100.0	28.6	18.0	14.6	14.8	18.1	5.9	3,220	6,361	.51	19
Male worker.....	38,309	100.0	28.6	17.9	14.6	14.8	18.2	5.9	3,222	6,364	.51	19
Less than \$250.00.....	4,456	100.0	51.1	16.1	6.9	6.9	6.2	12.8	1,429	2,901	.49	25
\$250.00-\$399.90.....	13,419	100.0	41.8	26.7	15.5	6.2	4.9	4.9	2,267	6,025	.40	9
\$400.00 or more.....	20,434	100.0	14.9	12.6	15.7	22.1	29.5	5.2	4,240	7,432	.57	25
Female worker.....	(1)	...	...	...	...	...	...	...	...	...	...	...

¹ Less than 100.

Only 2 percent of the retired women had entitled husbands and/or children. Therefore, detailed data by PIA and earnings level for families are shown only for male workers. The earnings data shown apply only to the earnings of the worker, and the amounts of benefits offset apply only to the benefits that the worker and his or her auxiliaries lost because of the worker's earnings. Data are not available to show earnings of auxiliaries and the benefit losses resulting from such earnings in families with both the worker and the auxiliaries affected by the earnings test. Information on auxiliaries who lost benefits because of their own earnings are covered later in the study.

Retired-worker beneficiaries affected by the earnings test who had entitled children tended to have lower earnings than worker-only beneficiaries or those who had only a spouse entitled to benefits. Among male workers, 33 percent with entitled children earned \$13,000 or more, compared with 45 percent of those with only a wife entitled to benefits and 40 percent who were worker-only beneficiaries. Among men with PIA's of \$400 or more, 28 percent with entitled children earned less than \$10,000, compared with 21 percent of those with only a wife or with no entitled dependents (table 8).

The differences in these earnings levels can be partially explained by the higher percentage of black and other minority male retired workers with entitled children. In 16 percent of the families with children, the male retired worker was either black or of another minority race, compared with the only 5 percent of the worker and wife families and 7 percent of the worker-only beneficiaries. These workers tended to have lower earnings. For example, among worker-spouse-and-children families, 18 percent of the black men and 22 percent of the men of other minority races earned \$13,000 or more, compared with 36 percent of the white men (table 9). Even among families with white male retired workers, earnings levels were lower among those with entitled children. Among these families, 36 percent of the workers earned \$13,000 or more, compared with 46 percent of those with only an entitled spouse and 41 percent of worker-only beneficiaries.

State of Residence

About half of all retired workers directly affected by the earnings test lived in the following eight States: California, Florida, Illinois, New York, New Jersey, Ohio, Pennsylvania, and Texas. The proportion of male beneficiaries earning \$10,000 or more ranged from less than 40 percent in Maine, Mississippi, and North Carolina, to 65 percent in Alaska. The proportion of female beneficiaries who earned this much ranged from 14 percent in Maine and 15 percent in North Carolina to 55 percent in Alaska. The percentage of beneficiaries with

Table 9.—Retired-worker beneficiaries affected by earnings test who had earnings of less than \$7,000 or \$13,000 or more, by type of beneficiary family, sex, and race, 1978

Type of beneficiary family, sex, and race	Beneficiary family		Percent with earnings of—	
	Number	Percent	Less than \$7,000	\$13,000 or more
Worker only:				
Men ¹	476,035	100.0	20.9	39.5
White	440,820	92.6	20.0	40.9
Black	28,490	6.0	33.5	19.2
Other	6,725	1.4	27.6	29.5
Women ¹	300,390	100.0	41.6	15.1
White	277,244	92.3	40.8	15.6
Black	19,234	6.4	51.7	9.1
Other	3,912	1.3	47.1	12.8
Worker and spouse:				
Male worker ¹	201,069	100.0	20.9	44.8
White	190,953	94.9	20.3	45.9
Black	6,932	3.4	34.3	34.7
Other	3,184	1.7	23.9	35.5
Female worker ¹	3,494	100.0	36.5	20.3
White	3,064	87.7	36.3	20.6
Black and other	427	12.3	37.7	18.0
Worker and children:				
Male worker ¹	26,533	100.0	27.9	33.1
White	22,335	84.2	26.0	36.1
Black	3,336	12.6	38.2	15.9
Other	862	3.2	36.8	22.6
Female worker ¹	2,476	100.0	55.0	9.7
White	1,989	80.3	54.5	10.1
Black and other	487	19.7	57.3	8.2
Male worker	26,659	100.0	27.9	33.1
1 child	21,641	81.1	27.2	33.8
2 children	3,757	14.1	28.6	32.0
3 or more children	1,261	5.8	37.4	26.2
Female worker	2,494	100.0	54.9	9.8
1 child	2,300	92.2	54.6	9.8
2 or more children	194	7.8	58.2	9.3
Worker, spouse, and children:				
Male worker ¹	38,126	100.0	28.6	33.0
White	31,944	83.8	26.9	35.6
Black	4,579	12.0	37.8	18.4
Other	1,603	4.2	36.1	22.0
Female worker	(2)	...	...	...
Number of children of male workers	38,309	100.0	28.6	33.0
1 child	24,698	64.5	27.4	33.6
2 children	8,691	22.7	29.1	33.3
3 children	3,098	8.1	31.6	31.4
4 or more children	1,822	4.7	37.5	24.1

¹ Excludes workers for whom race was unknown.

² Less than 100.

earnings of \$10,000 or more tended to be highest in the Middle Atlantic, East North Central, and Pacific divisions (table 10).

Type of Employment

Information about the type of employment in 1978 (wage and salary, self-employment, or a combination) was available for about 91 percent of the retired workers affected by the earnings test. Relatively more men (20 percent) than women (6 percent) were self-employed or had a combination of wage and salary employment and self-employment (table 4).

Table 10.—Retired-worker beneficiaries affected by earnings test who had earnings of \$10,000 or more, by State and sex, 1978¹

Division and State	Total	Men					Women				
		Number	Percent with earnings of \$10,000 or more	Average benefit amount		Percent who had all benefits offset	Number	Percent with earnings of \$10,000 or more	Average benefit amount		Percent who had all benefits offset
				Withheld	Before withholding				Withheld	Before withholding	
New England:											
Maine	5,155	3,658	38.7	\$2,635	\$4,462	31	1,497	14.0	\$1,466	\$3,032	14
New Hampshire	4,748	3,280	45.8	2,932	4,789	33	1,468	22.8	1,728	3,383	13
Vermont	2,244	1,535	42.4	2,788	4,766	30	709	25.5	1,856	3,431	16
Massachusetts	36,761	24,703	51.1	3,259	4,686	46	12,058	25.5	1,948	3,380	24
Rhode Island	5,899	3,979	53.0	3,309	4,816	41	1,920	23.0	1,906	3,391	16
Connecticut	19,896	13,724	56.4	3,437	4,992	43	6,172	26.4	2,057	3,645	19
Middle Atlantic:											
New York	118,650	79,420	58.2	3,670	5,027	49	39,230	38.3	2,469	3,867	28
New Jersey	50,176	34,739	58.5	3,571	4,987	47	15,437	36.0	2,400	3,794	26
Pennsylvania	61,799	43,190	54.1	3,293	4,930	40	18,609	26.3	1,933	3,438	19
East North Central:											
Ohio	46,319	34,168	53.0	3,233	4,715	47	12,151	23.8	1,843	3,282	23
Indiana	23,679	16,832	54.0	3,275	4,939	40	6,847	25.7	1,925	3,491	17
Illinois	68,532	48,304	58.1	3,561	4,894	51	20,228	32.0	2,205	3,616	25
Michigan	30,846	22,433	61.0	3,530	5,037	47	8,413	35.4	2,204	3,595	26
Wisconsin	20,207	14,285	52.0	3,129	4,978	37	5,922	25.3	1,831	3,397	18
West North Central:											
Minnesota	16,422	11,916	51.9	3,027	4,755	38	4,506	21.0	1,606	3,206	16
Iowa	16,414	12,163	54.6	3,286	4,864	43	4,251	22.6	1,611	3,283	17
Missouri	23,585	16,200	50.9	3,214	4,808	41	7,385	23.6	1,874	3,415	18
North Dakota	3,872	3,151	50.5	3,115	4,850	38	721	22.2	1,650	3,086	18
South Dakota	3,513	2,622	43.4	2,739	4,505	34	891	20.3	1,483	3,032	14
Nebraska	9,284	6,987	50.9	3,112	4,797	36	2,297	21.7	1,633	3,254	15
Kansas	13,590	10,012	52.3	3,234	4,896	41	3,578	24.4	1,807	3,311	19
South Atlantic:											
Delaware	2,299	1,654	52.5	3,022	4,758	37	645	28.1	1,851	3,327	22
Maryland	17,381	12,386	55.9	3,377	4,734	50	4,995	34.1	2,152	3,548	28
District of Columbia	3,438	2,127	54.2	3,420	4,390	59	1,301	36.2	2,252	3,357	41
Virginia	19,277	13,660	46.9	2,982	4,535	40	5,617	22.8	1,699	3,240	19
West Virginia	6,112	4,379	53.0	3,226	4,846	41	1,733	23.4	1,759	3,238	19
North Carolina	21,556	14,519	39.8	2,723	4,443	32	7,037	15.2	1,515	3,146	12
South Carolina	9,886	6,842	41.7	2,694	4,438	32	3,044	18.8	1,606	3,266	14
Georgia	18,221	12,554	44.3	2,875	4,452	37	5,667	20.6	1,691	3,219	16
Florida	49,835	35,550	47.7	2,933	4,606	37	14,285	26.5	1,868	3,306	22
East South Central:											
Kentucky	11,286	8,109	47.5	3,301	4,600	39	3,177	20.7	1,622	3,096	18
Tennessee	18,125	12,535	44.2	2,892	4,518	37	5,590	18.2	1,622	3,169	15
Alabama	14,207	10,284	45.4	2,890	4,462	38	3,923	23.5	1,740	3,218	22
Mississippi	9,533	6,658	38.7	2,616	4,254	32	2,875	17.8	1,490	3,047	13
West South Central:											
Arkansas	8,606	6,081	40.8	2,722	4,405	35	2,525	18.8	1,542	3,057	16
Louisiana	14,761	11,367	46.8	3,037	4,593	42	3,394	23.4	1,800	3,177	23
Oklahoma	12,808	8,983	49.0	3,131	4,605	44	3,825	27.7	1,776	3,281	20
Texas	57,737	42,324	50.1	3,214	4,672	45	15,413	25.2	1,858	3,263	23
Mountain:											
Montana	3,364	2,537	55.5	3,173	4,807	41	827	24.7	1,767	3,246	20
Idaho	3,489	2,632	45.1	2,810	4,669	33	857	19.8	1,507	2,958	19
Wyoming	1,911	1,461	55.8	3,216	4,769	43	450	30.8	1,944	3,321	29
Colorado	9,776	7,297	53.3	3,205	4,678	45	2,479	27.6	1,882	3,275	25
New Mexico	4,186	3,119	49.1	2,872	4,562	39	1,067	29.8	1,924	3,319	24
Arizona	9,254	6,655	52.3	3,037	4,734	40	2,399	28.0	1,838	3,393	22
Utah	4,373	3,248	55.6	3,183	4,761	45	1,125	25.4	1,728	3,183	20
Nevada	4,644	3,382	51.4	3,144	4,470	47	1,262	30.6	1,965	3,219	29
Pacific:											
Washington	16,371	12,076	58.0	3,310	4,855	47	4,295	22.3	1,904	3,404	24
Oregon	10,308	7,376	55.5	3,190	4,821	44	2,932	26.5	1,811	3,285	22
California	101,653	72,258	57.9	3,468	4,823	51	29,395	35.1	2,204	3,553	30
Alaska	951	681	64.6	3,434	4,544	56	270	54.8	2,804	3,604	60
Hawaii	3,672	2,689	49.6	3,073	4,663	43	983	25.3	1,902	3,311	23

¹ Excludes beneficiaries for whom State data were unavailable.

A higher proportion of the self-employed than of the other two groups had earnings of \$13,000 or more in 1978. Among men, 50 percent of those with self-employment, compared with 37 percent with earnings from a combination of wage and salary employment and self-employment and 44 percent of exclusively wage and salary workers, had earnings of this level. The corresponding proportions for women were 32 percent, 21 percent, and 15 percent. Relatively more of the self-employed than of the other two groups had all of their benefits for 1978 offset due to earnings.

Auxiliary and Survivor Beneficiaries

Beneficiaries Affected

Spouses and children of retired and disabled workers and survivors of deceased workers can also receive monthly cash benefits if they meet certain requirements. Eligible wives, husbands, and children of retired and disabled workers can receive up to 50 percent of the worker's PIA. Surviving children and widowed mothers and fathers entitled to benefits because they are caring for these children can each receive up to 75 percent. Aged widows and widowers (who must be at least age 60) can receive up to 100 percent of the worker's PIA, and dependent surviving parents (who must be at least age 62) can receive up to 82.5 percent. These benefits are subject to reduction for the family maximum. In 1978,

the benefits of these persons were subject to reduction or loss under the same earnings tests that applied to retired workers.

About 364,000 auxiliary and survivor beneficiaries—or about 4 percent of all such beneficiaries on the rolls at the end of 1978—had earnings high enough to cause the withholding of some or all of their benefits. Seventy-one percent of these beneficiaries were survivors of deceased workers. The remainder were spouses and children of disabled and retired workers (table 11). The spouses and children counted here excluded those in families in which the worker also had benefits offset.

In addition to the auxiliary and survivor beneficiaries who had some benefits offset, many other auxiliary and survivor beneficiaries may also have had earnings exceeding that figure, even though they were not counted among those with benefits offset. Sometimes the benefit for a working auxiliary 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.⁶

⁶ Individual benefits for auxiliaries or survivors in large families are proportionately reduced to keep total family benefits within the family maximum. If one member earns enough to necessitate the 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, sometimes no withholding is instituted. For details on this procedure, see Barbara A. Ligg, "Widowed-Father Beneficiaries," *Social Security Bulletin*, February 1977, page 26-29.

Table 11.—Auxiliary and survivor beneficiaries under age 72 on rolls at end of year and affected by earnings test, by type of beneficiary, 1978

Type of beneficiary	On rolls at end of year		Affected by earnings test						
	Number	Percentage distribution	Number	Percentage distribution	Percent on rolls	Amount of benefits (in thousands)		Ratio of benefits withheld to amount before withholding	Percent of black and other minority races
						Withheld	Before withholding		
Total	9,402,625	100.0	364,108	100.0	3.9	\$390,590	\$718,013	0.54	12.9
Spouses and children of retired workers, total	2,518,316	26.8	38,841	10.7	1.5	26,994	46,410	.58	13.9
Wives	1,940,861	20.6	30,280	8.3	1.6	22,073	36,028	.61	14.6
Husbands	24,695	(1)	899	(1)	3.6	699	792	.88	12.5
Children ²	552,760	5.9	7,672	2.1	1.4	4,222	9,590	.44	11.2
Spouses and children of disabled workers, total	2,015,182	21.4	67,657	18.6	3.4	40,758	78,713	.52	12.6
Wives	504,987	5.4	57,178	15.7	11.3	35,911	67,481	.53	13.3
Husbands	2,196	(1)	61	(1)	2.8	41	49	.84	(3)
Children ²	1,507,999	16.0	10,418	2.9	(1)	4,806	11,183	.43	8.6
Survivors of deceased workers, total	4,869,127	51.8	257,610	70.7	5.3	322,838	592,890	.54	12.8
Widows ⁴	1,636,128	17.4	71,528	19.6	4.4	92,530	191,263	.48	6.7
Widowers ⁴	9,182	(1)	745	(1)	8.1	875	1,356	.65	13.6
Widowed mothers	627,651	6.7	148,477	40.8	23.7	200,175	335,140	.60	16.5
Widowed fathers	17,814	(1)	9,765	2.7	54.8	11,003	15,236	.72	12.4
Children ²	2,576,067	27.4	27,088	7.4	1.1	18,245	49,872	.37	9.2
Parents	2,285	(1)	7	(1)	(1)	10	23	.43	(3)

¹ Less than 1 percent.

² Excludes disabled children.

³ Data not available.

⁴ Excludes disabled widows and widowers.

Twenty-four percent of the widowed mothers on the benefit rolls, as well as 55 percent of the widowed fathers and 11 percent of the wives of disabled workers, had some or all of their benefits offset because of earnings.⁷ Considerably smaller proportions of the other auxiliary and survivor beneficiaries had some benefits offset. 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 1978, almost all widowed-mother and widowed-father beneficiaries and 84 percent of the wives of disabled workers

⁷ 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.

receiving benefits were under age 62, and 67 percent of the mothers and fathers and 61 percent of the wives were under age 50. In contrast, only 6 percent of the wives of retired workers were under age 62. Less than 2 percent of the wives of retired workers and only 4 percent of the aged widows had benefits offset because of their earnings.

One percent of all child beneficiaries had benefits offset. Most were student beneficiaries aged 18-22 with sizable earnings from part-time and summer employment. Some students may have left school to work for a while.

Eight percent of retired workers who had benefits offset were black or of other minority races—but 14 percent of the spouses and children of retired workers who had benefits offset due to their own earnings were black and of other minority races. Thirteen percent of the spouses and children of disabled workers or the sur-

Table 12.—Auxiliary and survivor beneficiaries who had benefits offset because of own earnings, by type of beneficiary and age, 1978

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 \$4,000	\$4,000-\$6,999	\$7,000-\$9,999	\$10,000-\$12,999	\$13,000-\$17,699	\$17,700 or more	Unknown	Withheld	Before withholding	
Spouses and children of retired workers:												
Wives	30,280	100.0	7.3	30.9	21.8	12.0	8.8	4.6	14.6	\$729	\$1,190	0.61
Under 50	5,696	100.0	4.6	30.3	27.5	14.3	8.1	4.0	11.2	610	1,155	.53
50-61	14,053	100.0	5.5	30.8	25.3	12.7	8.9	4.3	12.5	698	1,217	.57
62-64	4,001	100.0	29.6	38.4	10.0	5.1	3.5	2.3	11.1	456	808	.56
65-71	6,530	100.0	...	26.7	16.6	12.9	12.5	7.0	24.3	1,067	1,397	.76
Husbands	889	100.0	.8	15.1	12.6	10.9	15.6	18.6	26.4	786	890	.88
Children	7,672	100.0	20.4	54.9	15.1	¹ 6.3	...	...	3.3	550	1,250	.44
Under 18	598	100.0	31.4	55.7	5.5	¹ 3.4	...	...	4.0	390	1,291	.30
18-22	7,074	100.0	19.4	54.8	15.9	¹ 6.7	...	...	3.2	563	1,246	.45
Spouses and children of disabled workers:²												
Wives	57,178	100.0	5.2	32.0	27.2	13.7	8.0	3.9	10.0	628	1,180	.53
Under 35	8,331	100.0	5.9	35.4	27.6	13.0	6.8	2.8	8.5	520	1,124	.46
35-49	31,360	100.0	4.7	31.5	27.5	14.0	8.5	4.2	9.6	599	1,163	.52
50-61	16,872	100.0	5.3	30.9	26.6	13.7	8.1	3.9	11.5	742	1,254	.59
62-71	615	100.0	17.4	39.0	16.2	7.6	5.7	3.9	10.2	478	812	.59
Children	10,418	100.0	19.6	55.2	14.9	¹ 6.9	...	...	3.4	461	1,073	.43
Under 18	1,603	100.0	27.9	54.6	7.5	¹ 4.6	...	...	5.4	385	1,173	.33
18-22	8,815	100.0	18.1	55.2	16.2	¹ 7.5	...	...	3.0	475	1,055	.45
Survivors of deceased workers:³												
Widows	71,528	100.0	15.3	46.0	19.2	6.7	4.2	3.0	5.6	1,294	2,674	.48
60-61	13,914	100.0	25.4	53.7	12.0	2.6	1.7	1.3	3.3	886	2,171	.41
62-64	33,622	100.0	22.0	45.7	18.4	5.0	3.6	2.3	3.0	1,228	2,684	.46
65-71	23,992	100.0	...	42.1	24.5	11.4	6.6	4.9	10.5	1,622	2,951	.55
Widowers	745	100.0	10.5	34.0	19.0	9.0	8.0	8.2	11.3	1,175	1,820	.65
Widowed mothers	148,477	100.0	5.6	26.0	25.0	15.9	10.6	5.5	11.4	1,348	2,257	.60
Under 35	20,723	100.0	6.2	29.2	26.3	15.3	8.9	3.0	11.1	1,315	2,402	.55
35-49	76,446	100.0	5.0	25.2	25.1	16.5	11.3	5.9	11.0	1,276	2,238	.57
50-64	51,308	100.0	6.4	25.6	24.5	15.0	10.4	6.0	12.1	1,469	2,227	.66
Widowed fathers	9,765	100.0	1.3	8.1	11.6	13.5	19.1	26.3	20.1	1,127	1,560	.72
Under 35	2,064	100.0	1.2	9.4	15.4	17.2	18.8	17.2	20.8	1,469	1,979	.74
35-49	4,365	100.0	1.2	7.1	9.6	12.6	19.7	29.8	20.0	1,050	1,561	.67
50-64	3,336	100.0	1.3	8.5	11.9	12.4	18.5	27.4	20.0	1,016	1,300	.78
Children	27,088	100.0	21.3	53.6	15.5	¹ 6.7	...	...	2.9	674	1,841	.37
Under 18	2,818	100.0	35.1	52.0	6.7	¹ 2.9	...	...	3.3	541	2,206	.25
18-22	24,270	100.0	19.7	53.8	16.6	¹ 7.0	...	...	2.9	689	1,799	.38

¹ \$10,000 or more.

² Excludes 61 husbands.

³ Excludes 7 parents.

vivors who had benefits offset due to their own earnings were black or of other minority races. Seventeen percent of the widowed mothers but only 7 percent of the aged widows who had benefits offset were black or of other minority races.

Earnings and Benefit Losses

The auxiliary and survivor beneficiaries with benefits offset because of their own earnings had about \$391 million withheld during 1978—54 percent of the \$718 million that would have been payable had no deductions been made due to earnings.

Widowed fathers and husbands of retired workers had the highest level of earnings (table 12). Fifty-nine percent of the fathers and 45 percent of the husbands earned at least \$10,000 in 1978, and earnings resulted in

the withholding of 72 percent and 88 percent of their benefits, respectively. Thirty-two percent of the widowed mothers earned \$10,000 or more, as well as 25 percent of the wives of retired and disabled workers. Only 14 percent of the aged widows earned that amount.

Among both widowed mothers and widowed fathers, relatively more of the affected beneficiaries aged 35–49 earned \$10,000 or more than did younger or older beneficiaries. Among aged widows, the proportion with earnings of \$10,000 or more was somewhat lower for those aged 60–64 than 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.