

Notes and Brief Reports

Trust Fund Operations*

Two Federal trust funds have been created for the old-age, survivors, and disability insurance (OASDI) program, which is operated by the Social Security Administration: the old-age and survivors insurance trust fund and the disability insurance trust fund. Both of these funds, as well as a third trust fund created for the unemployment insurance program, which the Social Security Administration does not administer, were established under the Social Security Act.

During the calendar year 1964 the total combined assets of the old-age and survivors insurance trust fund and the disability insurance trust fund rose by slightly more than \$450 million, or about 2.2 percent, from \$20,715 million to \$21,172 million (table 1). The net receipts of these two

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TABLE 1.—Trust fund operations of the social insurance programs administered by the Social Security Administration, calendar years 1963 and 1964

[In millions]

Item	Old-age and survivors and disability insurance trust funds		Old-age and survivors insurance trust fund		Disability insurance trust fund	
	1964	1963	1964	1963	1964	1963
Total assets, January 1.....	\$20,715.4	\$20,705.2	\$18,480.4	\$18,337.3	\$2,235.0	\$2,367.9
Receipts, calendar year:						
Contributions:						
Appropriations (taxes).....	15,698.3	14,588.8	14,621.5	13,562.9	1,076.8	1,025.9
Deposits arising from State agreements.....	1,310.4	1,190.7	1,219.9	1,106.4	90.5	84.3
Gross contributions.....	17,008.7	15,779.5	15,841.4	14,669.3	1,167.3	1,110.2
Less payments to Treasury for taxes subject to refund.....	165.8	139.4	152.5	127.8	13.3	11.6
Net contributions.....	16,842.9	15,640.1	15,688.9	14,541.5	1,153.9	1,098.6
Interest and profit:						
On investments.....	633.4	587.3	565.9	518.9	67.5	68.4
On DI administrative expenses reimbursement ¹			3.1	2.5	-3.1	-2.5
Total or net interest received.....	633.4	587.3	569.0	521.4	64.4	65.9
Total net receipts.....	17,476.4	16,227.3	16,257.9	15,062.8	1,218.4	1,164.5
Disbursements, calendar year:						
Benefit payments.....	16,223.1	15,426.8	14,914.3	14,216.6	1,308.8	1,210.2
Payments to railroad retirement account under the financial interchange.....	421.7	442.1	402.6	422.5	19.1	19.6
Unadjusted administrative expenses.....	375.2	348.3	371.5	344.5	3.7	3.7
Less receipts for sale of services, etc.....	-1	-1	-1	-1	(²)	(²)
Adjustment for DI administrative expenses during previous year ¹			-75.1	-63.9	75.1	63.9
Total or net administrative expenses.....	375.1	348.3	296.3	280.6	78.8	67.6
Total net disbursements.....	17,019.9	16,217.1	15,613.2	14,919.6	1,406.7	1,297.5
Net addition to trust funds.....	456.3	10.2	644.7	143.1	-188.4	-132.9
Total assets, December 31.....	21,171.7	20,715.4	19,125.1	18,480.4	2,046.6	2,235.0

¹ Most administrative expenses for disability insurance are paid initially from the old age and survivors insurance trust fund. After the amounts chargeable to the disability insurance trust fund are determined, reimbursement is made to the old-age and survivors insurance trust fund; the amount reported in one year represents the administrative expenses advanced during the preceding fiscal year. Interest on the amount initially advanced is

payable at the time of reimbursement. There is no entry for this item for the old-age and survivors and disability insurance trust funds combined, because the amounts shown for the individual funds offset each other.

funds increased by \$1.2 billion, or 8 percent. The net disbursements also rose, by \$800 million or 5 percent.

Total administrative expenses of the OASDI program increased by \$27 million or 8 percent from the 1963 amount. In both years, administrative expenses amounted to 2.2 percent of the program's contribution receipts and 2.3 percent of its benefit payments.

OLD-AGE AND SURVIVORS INSURANCE TRUST FUND

Income-Outgo

Net contributions of the old-age and survivors insurance trust fund increased by about \$1,150 million, or 7.9 percent, during 1964. Benefit payments rose by a smaller amount—about \$700 million, or 4.9 percent. After allowance for a 9-percent increase in interest income, the excess of total receipts over total disbursements was

payable at the time of reimbursement. There is no entry for this item for the old-age and survivors and disability insurance trust funds combined, because the amounts shown for the individual funds offset each other.

² Less than \$50,000.

Source: Bureau of Accounts, Treasury Department.

nearly \$650 million—about \$500 million more than the 1963 figure. The increase in total assets during 1964 consequently amounted to nearly \$650 million, or 3.5 percent more than total assets at the end of 1963.

One reason that net contributions were higher in 1964 was the increase from 4.7 percent to 5.4 percent in the contribution rate applicable to taxable self-employment income; the new rate was first applicable to income earned in 1963.¹ There was also some increase from 1963 to 1964 in the number of wage earners in covered employment and in the amount of taxable payrolls.

Investments and Interest Rates

The Social Security Act provides that all assets of the trust fund except cash for immediate requirements be invested in interest-bearing obligations of the United States Government. Investments may be either in the public issues available to all individual and institutional investors or in special public-debt obligations issued exclusively to the trust fund at an interest rate equivalent to the current market yield on the longer-term Government securities. In the past 20 years the trust fund has held both public and special issues, with the bulk always invested in the special issues.

During 1964 the total investments of the old-age and survivors insurance trust fund increased 3.5 percent to \$17.8 billion, with the entire increase in the special-issue sector (table 2). Public-issue holdings decreased fractionally. Only two transactions in public issues occurred in 1964. In January, Treasury notes amounting to \$53 million were exchanged for marketable Treasury bonds, and in August \$4 million in Treasury notes was redeemed at maturity and reinvested in special certificates of indebtedness. There were no market transactions in 1964.

The January transaction is of interest because it marks the trust fund's participation in one of the new types of Treasury refunding operations. Under the Treasury's refunding offer, the fund obtained 4¼-percent bonds of 1975-85 in ex-

change for (1) \$20.9 million of its \$25.0 million holding of 5-percent notes of August 1964 and (2) \$32.1 million of its \$38.5 million holding of 4½-percent notes of May 1965.

Nonmarketable bonds remained unchanged at \$1.1 billion. These bonds are the 2¾-percent Investment Series B of 1975-80, which are exchangeable only for 1½-percent 5-year marketable Treasury notes. They continue to represent 6 percent of the whole portfolio and a bit less than a third of all public issues.

The investments in public issues totaled \$3.5

TABLE 2.—Investments of the social security trust funds, by type and interest rate, end of December 1963 and 1964

Type of investment	[In millions]					
	Old-age and survivors insurance trust fund		Disability insurance trust fund		Unemployment trust fund	
	1964	1963	1964	1963	1964	1963
Total portfolio ¹	\$17,758	\$17,153	\$1,905	\$2,115	\$7,399	\$6,686
Public issues ¹	3,502	3,506	249	190	1,994	1,882
Treasury bonds.....	3,516	3,463	251	187	1,681	1,644
Marketable.....	2,451	2,398	251	187	936	899
2½ percent.....	55	55	.....	.....	22	15
3 percent.....	85	85	.....	.....	.....	.....
3¼ percent.....	86	86	.....	.....	67	67
3½ percent.....	.....	.....	.....	.....	1	1
3¾ percent.....	1,558	1,558	16	14	208	208
4 percent.....	34	34	10	10	14	14
4½ percent.....	35	35	5	5	59	59
5 percent.....	50	50	14	14	31	31
4 percent.....	369	369	101	68	307	307
4½ percent.....	91	91	68	67	183	174
4¾ percent.....	88	35	38	10	43	21
Nonmarketable.....	1,065	1,065	.....	.....	745	745
2¾ percent.....	1,065	1,065	.....	.....	745	745
Treasury notes.....	6	64	.....	.....	223	246
3½ percent.....	.....	.....	.....	.....	153	153
3¾ percent.....	.....	.....	.....	.....	52	52
4 percent.....	.....	.....	.....	.....	16	16
4½ percent.....	6	38	.....	.....	3	16
5 percent.....	.....	25	.....	5	.....	10
Treasury bills.....	.....	.....	.....	.....	100	.....
3.942 percent, maturity value.....	.....	.....	.....	.....	100	.....
Net unamortized premium and discount ^{1 2}	-20	-21	-2	-2	-10	-7
Public-debt obligations (special issues).....	14,256	13,648	1,656	1,925	5,405	4,804
Treasury bonds.....	13,962	13,302	1,629	1,873	.....	.....
2½ percent.....	1,246	1,919	.....	68	.....	.....
2¾ percent.....	8,236	8,404	890	1,159	.....	.....
3¼ percent.....	1,240	1,240	452	493	.....	.....
3¾ percent.....	1,738	1,738	154	154	.....	.....
4½ percent.....	1,502	.....	133	.....	.....	.....
Treasury notes.....	.....	.....	.....	22	.....	.....
3¼ percent.....	.....	.....	.....	22	.....	.....
Treasury certificates of indebtedness.....	294	346	28	30	5,405	4,804
3¼ percent.....	.....	.....	.....	.....	.....	4,027
3½ percent.....	.....	.....	.....	.....	.....	777
3¾ percent.....	.....	.....	.....	.....	5,405	.....
4 percent.....	.....	261	.....	30	.....	.....
4½ percent.....	294	85	28	.....	.....	.....

¹ Represents book value, including "net unamortized premium and discount" on investments acquired above or below par value. "Premium" is the excess of the price paid in the open market over par value; "discount" is the amount by which the price paid is less than par value. The Treasury Department amortizes this positive or negative difference over the remaining life of the obligations. At any given time, the net unamortized figure represents the amount remaining to be "written off" between that time and maturity on issues bought at a premium, minus the amount still to be "written on" for issues bought at a discount.

² Includes small amounts of accrued interest purchased.

Source: *Treasury Bulletin*, February 1964, p. 19; February 1965, p. 19.

billion on December 31, 1964; they represented 19.7 percent of the portfolio. At the end of 1963 these issues had accounted for 20.4 percent of total investments—the highest proportion in the fund's history. A decade earlier, public issues represented 12.0 percent of the fund's portfolio.

The special issues held at the end of 1964 amounted to \$14.3 billion, 4.5 percent more than on the preceding December 31. Special certificates of indebtedness accounted for \$294 million, 15 percent less than these short-term investments totaled at the end of 1963. Most of the special issues were longer-term bonds, with maturities ranging from 1967 to 1979 and with interest rates of 2½–4½ percent.

Cash received by the trust fund usually is invested three times a month. Throughout the fiscal year these investments are made in special certificates of indebtedness maturing at the end of the fiscal year. At the year's end, all maturing special issues (bonds, notes, and certificates) are "rolled over"—that is, reinvested in new special issues of various maturities fixed by the Managing Trustee "with due regard to the needs of the trust fund" for ready cash, as provided in the Social Security Act.

At the end of December 1963 the special-issue

sector of the trust fund portfolio included special certificates with interest rates of 4 percent and 4½ percent, maturing June 30, 1964. Additional special certificates were acquired in the first half-year at 4½-percent interest except in April, when the current-market-yield formula produced a rate of 4¼ percent.

The June 30 rollover was accomplished at 4½ percent, and that rate continued for the special issues acquired throughout the remainder of the calendar year 1964. The new special issues acquired at that time consisted of \$422 million in 4½-percent bonds due June 30, 1978, and \$1,080 million in 4½-percent bonds due June 30, 1979.

The average interest rate on all investments of the old-age and survivors insurance trust fund at the end of the calendar year 1964 was 3.11 percent, compared with 3.00 percent at the end of 1963.

DISABILITY INSURANCE TRUST FUND

Income-Outgo

Unlike the situation in the old-age and survivors insurance trust fund, the disbursements of the

TABLE 3.—U.S. Government investment accounts:¹ Total, public issues, and special obligations held, and average interest rates on special obligations, end of 1963 and 1964

[Amounts in millions]

Investment account	Total securities ²		Public issues ²		Special obligations			
					Amount		Average interest rate (percent)	
	1964	1963	1964	1963	1964	1963	Dec. 31, 1964	Dec. 31, 1963
Total.....	\$60,437	\$57,796	\$14,361	\$14,137	\$46,076	\$43,658	3.248	3.103
Programs administered by the Social Security Administration.....								
OASI trust fund.....	19,686	19,291	3,774	3,718	15,912	15,573	3.068	2.922
OASI trust fund.....	17,778	17,174	3,522	3,526	14,256	13,648	3.053	2.905
DI trust fund.....	1,908	2,117	252	192	1,656	1,925	3.194	3.042
Other Federal retirement programs.....	18,311	16,965	1,585	1,459	16,726	15,506	3.388	3.220
Federal employees' retirement funds ³	14,753	13,481	787	662	13,966	12,819	3.264	3.057
Railroad retirement account.....	3,558	3,484	798	797	2,760	2,687	4.017	4.000
Other related Federal insurance programs.....	14,323	12,536	2,011	1,892	12,312	11,644	3.340	3.214
Unemployment trust fund.....	7,416	6,696	2,011	1,892	5,405	4,804	3.500	3.270
Veterans' insurance funds ⁴	6,907	6,840			6,906	6,840	3.215	3.174
All other accounts ⁵	8,117	8,003	6,991	7,068	1,126	936	2.704	2.791

¹ Trust funds that by law are under the control of the Secretary of the Treasury or the Treasurer of the United States and accounts under the control of certain U.S. Government agencies, some of whose investments are handled through the facilities of the Treasury Department and others outside the Treasury.

² All amounts are stated at face value. Some of the figures on investments in public issues consequently differ from the book values stated in table 2 because they exclude net unamortized premium and discount and accrued interest on such public issues.

³ Civil-service retirement and disability fund and the foreign service retirement and disability fund.

⁴ U.S. Government life insurance fund, national service life insurance

fund, and special term insurance fund.

⁵ Funds and accounts of the Federal Deposit Insurance Corporation, Federal home loan banks, Federal Housing Administration, and Federal Savings and Loan Insurance Corporation; also the highway trust fund, Federal employees' life insurance and health benefits funds, retired Federal employees' health benefits fund, exchange stabilization fund, and various other funds and accounts.

Source: *Combined Statement of Receipts, Expenditures, and Balances of the U.S. Government*, fiscal year 1964, U.S. Treasury Department; *Monthly Statement of Receipts and Expenditures of the U.S. Government*, July 1, 1964, through December 31, 1964; *Daily Statement of the U.S. Treasury*, December 31, 1964; *Treasury Bulletin*, January 1965.

disability insurance trust fund were greater than its income in 1964. The difference of \$188 million was approximately two-fifths greater than the comparable difference in 1963. Although net contributions of the fund increased slightly (5 percent) during the year, benefit payments rose even more (8.1 percent).

Consequently, during 1964 the fund's total assets declined from \$2,235 million to \$2,047 million or 8.4 percent. The comparable decrease during 1963 was \$133 million or 5.6 percent.

Investments and Interest Rates

The statutory provisions regarding investments and interest rates that apply to the old-age and survivors insurance trust fund also govern the disability insurance trust fund. In 1964 the investments of the disability insurance trust fund declined by \$210 million to \$1.9 billion. The entire 10-percent decrease occurred in the special-obligation investments, which decreased 14 percent while the fund's public-issue investments increased almost a third to \$249 million. Public issues represented 13 percent of total investments at the end of December 1964, compared with 9 percent a year earlier.

The disability fund also participated in the Treasury refunding operation of January 1964, when it acquired \$4.2 million in 4¼-percent marketable bonds of 1975-85 in exchange for the same amount in 5-percent notes of August 1964.

Unlike the old-age and survivors insurance trust fund, the disability fund went into the market for Government securities several times during 1964 and acquired a total of \$59.9 million in marketable bonds: \$17.0 million in February; \$29.2 million in March, including \$9.9 million in the 4¼-percent bonds of 1975-85; and \$13.8 million in September, including an additional \$1.8 million in the 4¼-percent bonds of 1975-85 as well as \$12.0 million in the 4¼-percent bonds of 1987-92. There were no trust fund sales in the market. It has not been Treasury practice to dispose of the funds' public issues before maturity other than by exchange for other Treasury issues.

In the rollover of June 30, 1964, the disability fund acquired \$133.2 million in 4⅛-percent special bonds due June 30, 1979. Among the special

issues, the proportion invested in longer-term issues continues to increase. At the end of 1964 this fund held no special notes, and bonds maturing from 1969 through 1979 formed more than 98 percent of the \$1,656 million invested in all special issues; the remainder consisted of special certificates of indebtedness maturing June 30, 1965. In comparison, at the end of 1963 the fund held special bonds maturing from 1966 through 1978, notes maturing in 1966 and 1967, and certificates of indebtedness maturing the following June.

At the end of 1964, the average interest rate on all investments of the disability insurance trust fund was 3.30 percent, an increase of 0.17 percentage points from the comparable rate (3.13 percent) at the end of 1963.

UNEMPLOYMENT TRUST FUND

During 1964 the unemployment trust fund increased its total assets by about \$675 million, as shown in the following condensed statement of that fund's operations during the year.²

<i>Item</i>	<i>Amount (in millions)</i>
Total assets, January 1, 1964 -----	\$6,732
Total receipts -----	4,277
Total disbursements -----	3,603
Net increase in assets during year -----	674
Total assets, December 31, 1964 -----	7,406

The railroad unemployment insurance account and the 52 State accounts, which together reflect most of the financial operations of the unemployment insurance program, are the principal components of this fund.

State Accounts

Total balances in the 52 State accounts increased during 1964 by a slightly smaller amount than the total assets of the entire fund. Deposits

² See the *Treasury Bulletin*, February 1964 (page 17) and February 1965 (page 17). Data for total assets differ slightly from those shown in Statement No. III, Division of Deposits and Investments, Treasury Department, because they exclude accrued interest receivable and include cash held by the railroad unemployment insurance account and by the Unemployment Insurance Service, Bureau of Employment Security, Department of Labor.

by the State administrative agencies were only a little higher than in 1963, totaling \$3,043 million. There was a relatively sharp decline of 8.3 percent in withdrawals by the States, to \$2,602 million. Interest earnings amounted to \$225 million, up slightly from 1963.

The approximate stability in deposits from 1963 to 1964 resulted partly from the fact that collections of tax revenue by the State agencies rose only slightly, from \$3,019 million in 1963 to \$3,048 million. The small increase in tax revenues was the product of a State average employer contribution rate that was slightly lower in 1964 than in 1963 and an offsetting growth in wages subject to the contribution provisions of State laws. In part the stable tax revenue was also a product of improving economic conditions, as a result of which employer contribution rates declined slightly and wages increased.

Railroad Unemployment Insurance Account

Both the deposits of employer-tax collections and the withdrawals for benefit payments in connection with railroad unemployment insurance declined somewhat during 1964—the former to \$160 million and the latter to \$124 million. The taxable wage base for railroad unemployment insurance was not increased—as was the base for railroad retirement benefits—by 1963 legislation.³ The balance in this account also decreased, to about \$1.5 million at the end of 1964. The primary reason for this drop was the fact that the railroad unemployment insurance account in 1964 repaid more to the railroad retirement account on its old debt than it received in new loans. The new loans totaled nearly \$51 million, twice as much as in 1963. Repayments, at almost \$77 million, were one and one-half times as large as in the preceding year.

³ The 4-percent employer contribution rate, which had been in effect throughout 1962 and 1963 under temporary legislation adopted in 1961, was extended as the maximum rate by the 1963 legislation and was effective in 1964. The amount of contributions set aside for administrative expenses was increased by the 1963 amendments from 0.20 percent of taxable payroll to 0.25 percent, and the higher rate was applicable throughout 1964. See Marice C. Hart, "Amendments to the Railroad Unemployment Insurance Act," *Social Security Bulletin*, January 1964, page 20.

At the end of 1964 the railroad unemployment insurance account owed approximately \$300 million to the railroad retirement account. Interest earnings of the railroad unemployment insurance account totaled less than \$160,000.

Investments and Interest Rates

The assets of all 56 accounts in the unemployment trust fund (52 State accounts, two railroad accounts, and two Federal accounts) are invested by the Secretary of the Treasury for the trust fund as a unit, and the interest earnings are prorated among the individual funds on the basis of their average daily balances.

The invested assets of the fund totaled \$7.4 billion at the close of 1964, 11.1 percent more than at the end of the preceding year. The increase in total investments during 1964 confirmed the reversal of the downward trend that had characterized this fund from 1957 until the first improvement in 1962. Holdings of public issues, which had advanced from 19 percent of the total portfolio at the beginning of 1963 to 28 percent at the end of that year, again increased 6 percent in dollar value to \$2.0 billion in 1964, but this sum represented only 27 percent of the portfolio at the end of 1964.

All the special obligations of the unemployment trust fund are 1-year maturities because the risk this type of social insurance guards against is comparatively short-term. During 1964 the special certificates of indebtedness held by the fund increased \$601 million (12 percent), to end the year at \$5,405 million. The interest-rate formula governing special public-debt obligations issued to this trust fund is based on the average coupon interest rate of the total interest-bearing public debt. The fund began the year with special certificates bearing interest at $3\frac{1}{4}$ percent and $3\frac{3}{8}$ percent. The midyear rollover was accomplished at $3\frac{1}{2}$ percent, and for the subsequent investment of current income that rate continued through the rest of the year.

The unemployment trust fund's investments at the end of 1964 were earning interest at an average rate of 3.48 percent, or 0.18 percentage points higher than the rate (3.30 percent) at the end of 1963.

RELATED TRUST FUNDS

Railroad Retirement Account

Receipts of the railroad retirement account totaled \$1,177 million in 1964, \$2 million more than in the preceding year. Of this sum, \$635 million was contribution income. From 1962 to 1963 contribution income had increased more than 6 percent to \$593 million. The increase from 1963 to 1964 was only 7 percent, less than 1 percentage point more than in the preceding year despite the rise in the taxable wage base, effective November 1963, from \$400 a month (\$4,800 a year) to \$450 a month (\$5,400 a year). About \$120 million was in the form of interest (including \$10 million on loans outstanding to the railroad unemployment insurance account in the unemployment trust fund), and \$422 million represented transfers of principal and interest (\$14 million) under the financial interchange with the OASDI system.

Railroad retirement benefits amounted to \$1,109 million during the year, almost 3 percent more than in 1963. Net disbursements for administration remained at \$10.5 million for the second year.

Total assets of the account stood at \$3,850 million at the year's end, a 1.5-percent increase from December 31, 1963. Of this sum, \$3,548 million was invested in Government securities, 2 percent more than the amount a year earlier. Loans to the unemployment insurance account continued during the year, and the net balance outstanding on December 31, 1964, was reduced to about \$300 million.

The account's holdings of public marketable bonds and notes remained at the same total face value as that a year earlier (\$798 million), but there were a few shifts in the issues constituting the total. The most sizable were (1) the acquisition of \$35 million in 4-percent bonds of 1970, and (2) the participation to the extent of an additional \$26 million (making a total of \$47 million now held) in the exchange for 4¼-percent bonds of 1975-85, described earlier.

The first June rollover of matured special-issue securities acquired in October 1963 under the current-market-yield formula effective that same month resulted in the acquisition of \$313 million in special bonds, \$41 million in special notes, and

\$119 million in special certificates. The total—\$483 million—earns interest at 4⅛ percent and matures from 1965 through 1979. Carried over at 4-percent interest was \$2,485 million in special bonds and notes with maturities from 1965 through 1978. By December 31, the holdings of special certificates had dropped to less than \$0.4 million and the total special issues to \$2,760 million.

Civil-Service Retirement Fund

The civil-service retirement and disability fund received contributions from employees and the Government totaling \$2,161 million in 1964, and its invested assets earned interest amounting to \$422 million. Benefits during the year totaled \$1,270 million, 10 percent more than in 1963, and \$107 million was refunded to persons leaving Federal employment. Invested assets amounted to \$14,701 million at the end of 1964, and cash balances were \$108 million. In its third year of investment operations under the same current-yield formula applicable to the OASDI trust funds, the civil-service fund acquired special obligations at the same interest rates as those two funds.

United States Government Investment Accounts

Besides the three trust funds analyzed in detail, there are several other Federal funds and accounts with investments in Federal securities, all of which are designated by the Treasury as United States Government investment accounts.⁴ At the end of 1964, all of these United States Government investment accounts, including the three social security funds, held a total of \$60.4 billion in Federal obligations (table 3), a rise of \$2.6 billion or 4.6 percent from the \$57.8 billion held a year earlier. During the year, their total

⁴ Some of these funds are by law under the financial and administrative management of the Treasury; others are under the control of other Government agencies, and their investments are handled outside the Treasury. Statutory provisions for some of them permit investment in both public marketable Government securities and special public-debt obligations issued exclusively to the particular fund concerned; for others, special issues are the only permissible investments.

investments in public issues of Federal securities increased slightly, and investments in special obligations rose to \$46.1 billion—an increase of \$2.4 billion or 5.5 percent.

The largest increase, amounting to \$1,272 million, occurred in the civil-service retirement fund. Substantial growth also occurred in the old-age and survivors insurance trust fund and in the unemployment trust fund, which increased their total investments by about \$600 million and \$710 million, respectively. There was a slight decrease in the investments of the disability insurance trust fund. By the end of 1964 the highway trust fund had temporarily disposed of all its investments in Federal securities.

At the end of 1964 the trust funds connected with the two social insurance programs directly administered by the Social Security Administration held nearly one-third (32.6 percent) of all Federal securities held by all the Government investment accounts. The percentages of total Federal securities (face value held by all Government investment accounts) held by the retirement and social insurance trust funds were as follows:

<i>Account or fund</i>	<i>Percent</i>
Total, all accounts -----	100.0
Old-age and survivors insurance trust fund -----	29.4
Disability insurance trust fund -----	3.2
Unemployment trust fund -----	12.3
Railroad retirement account -----	5.9
Civil-service retirement fund -----	24.3
Foreign service retirement fund -----	0.1
Veterans' life insurance funds -----	11.4
All other accounts and funds -----	13.4

During 1964, the average interest rate on special obligations held by all Government investment accounts increased from 3.103 percent to 3.248 percent. The average rate on special securities issued to the railroad retirement account rose to slightly more than 4 percent (4.017 percent), and the comparable rate for the unemployment trust fund increased from 3.270 percent to 3.500 percent. Other accounts that had average interest rates of more than 3.5 percent on their special issues but that are not individually itemized in table 3 included the exchange stabilization fund (3.650 percent), the foreign service retirement fund (3.973 percent), and the Government life insurance fund for World War I veterans (3.526 percent). For the first time the average interest

rate on special obligations held by the old-age and survivors insurance trust fund was more than 3 percent, having gone from 2.905 percent to 3.053 percent. The average rate on the disability insurance trust fund's special issues remained above 3 percent, increasing from 3.042 percent to 3.194 percent.

Social Security Legislation in 1964

Several laws amending the Social Security Act were passed by the Eighty-eighth Congress in its second session. Changes were made in both the old-age, survivors, and disability insurance (OASDI) and public assistance provisions.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

Most of the revisions in the OASDI program were made by Public Law 88-650, signed by President Johnson on October 14, 1964. This law (1) permits disabled workers to establish the beginning of a period of disability as of the date of actual disablement, regardless of the date they apply for the benefits; (2) extends through April 15, 1965, the time within which clergymen (including Christian Science practitioners) can elect coverage; (3) excludes from the definition of wages payments made by an employer to a newly hired employee to reimburse him for moving expenses incurred in reporting to the new place of employment; and (4) validates, for coverage purposes, earnings that were erroneously reported for engineering aides working for local soil and water conservation districts in Oklahoma.

The provision permitting full retroactivity for disability determinations is the most significant of these amendments. Disability insurance benefits were first provided in 1956. At that time, benefits were made available to workers who had become disabled many years before provided that, at the time the disability began, disability insured-status requirements were met. It was assumed then that there would be little difficulty in the future in determining disability insured status. The legislation therefore required that, after a specified period, relatively prompt filing would be prerequisite to eligibility for full benefits. The effective date was postponed several times.