

Beneficiaries With Minimum Benefits: Work-History of Retired Workers Newly Entitled in 1966

by JUDITH S. BRETZ*

This is the second in a series of articles on beneficiaries with minimum benefits. The first, appearing in the October Bulletin, described the number receiving benefits at or near the minimum in 1967, by type, sex, family status, age, race, and State of residence. This report begins to probe the reasons why so many recent retirees receive a minimum primary insurance amount by comparing their work-life experience as shown by an earnings record sample with the experience of workers entitled to larger benefits. Subsequent articles will explore characteristics not available from the earnings records maintained by the Social Security Administration but obtained from a special survey of new beneficiaries.

THE MINIMUM CASH BENEFIT under the old-age, survivors, disability, and health insurance (OASDHI) program is clearly much lower than the amount on which people can be expected to live in the United States. The manner in which workers entitled to minimum retirement benefits were previously supported is therefore of substantial interest.

The OASDHI benefit formula is designed to yield a ratio of benefits to previous earnings that is considerably higher for those with low earnings than for the higher-paid earner. The existence of a maximum on the amount of earnings that can be credited reduces the replacement rate for everyone with higher earnings. The design recognizes the fact that any reduction in levels of living for those at the lower end of the scale may be socially unacceptable and that higher-paid workers are more likely to have other resources in addition to their benefits.

The primary insurance amount (PIA) is the amount, related to the worker's average monthly earnings, that would be payable to a retired worker who begins to receive benefits no earlier than age 65. It is not the amount paid but rather

the base used for computing all benefits payable on the basis of the earnings record. Some workers receive an amount exceeding their PIA because they have one or more dependents also entitled to a benefit on their earnings record.¹ Many more workers receive a benefit smaller than their PIA because they claim it before age 65, and it is thus subject to an actuarial reduction of up to 20 percent, depending on the exact age of entitlement between age 62 and age 65. Two out of 3 of all workers entitled in 1966 to a regular retirement benefit had their benefit reduced. One in 7 of the workers newly entitled to regular retirement benefits in 1966 had their benefits based on a PIA at the minimum. There was some reduction in 4 out of 5 of all benefits based on the minimum PIA.

Increasing the minimum OASDHI benefit has been one of the methods proposed for alleviating poverty. As the "war on poverty" continues, it is therefore important to know as much as possible about the work-life experiences and other characteristics of workers entitled to the minimum PIA. The significance of certain characteristics is clear at first glance; the significance of others is seen only when a comparison is made with the characteristics of workers entitled to larger benefits.

Data on the covered-employment history of workers aged 62 and over who became entitled to retirement benefits as of 1966 are available from the 1-percent Continuous Work-History Sample² maintained by the Social Security Administra-

¹ For data on the family status of all retired workers with minimum benefits in 1967 and other characteristics, see Harry Shulman, "Beneficiaries with Minimum Benefits: Their Characteristics in 1967," *Social Security Bulletin*, October 1969.

² The 1-percent Continuous Work-History Sample has been maintained by the Social Security Administration since 1937. For a detailed discussion of the sample design, including estimates of sampling variability, see the Social Security Administration, Office of Research and Statistics, *Workers under Social Security, 1960: Employment, Earnings, Insurance Status under Old-Age, Survivors, and Disability Insurance*, 1968.

* Division of Retirement and Survivor Studies, Office of Research and Statistics.

tion. These data include information on the recency and extent of covered employment as well as the level of earnings in the worker's best and latest year with covered earnings during the 15-year period, 1951-65.

Following is a summary of the number of workers entitled to retirement benefits in 1962, 1964, and 1966.

Year	Entitled to retirement benefits ¹		Number with minimum PIA benefits as percent of total
	Total	At minimum PIA	
Men:			
1962.....	740,500	74,000	10.0
1964.....	489,700	52,100	11.1
1966.....	360,700	43,000	11.9
Women:			
1962.....	392,300	113,800	29.0
1964.....	345,400	95,000	27.5
1966.....	304,600	86,100	28.3

¹ To improve the comparability of the data, data for 1966 include only workers entitled to benefits payable at award. The 1962 and 1964 data include conditional and deferred awards, but these awards were of only minor importance before the passage of Medicare in 1965.

The absolute number of workers awarded benefits and benefits based on the minimum PIA declined from 1962 to 1966, but the relative proportion of men and women entitled to the minimum PIA has changed very little.³ A reduction in the number of quarters of covered employment required for entitlement and the provision permitting men to retire at age 62 with reduced benefits are largely responsible for the large number of 1962 entitlements.

The proportion of workers entitled in 1962 and 1964 who had no covered earnings since 1950 and of workers entitled in 1966 who had no covered earnings since 1954 has remained relatively constant, as the figures below reveal. In

Year	No recent earnings as percent of total entitlements	Minimum PIA and no recent earnings as percent of minimum PIA
Men:		
1962.....	3.2	17.6
1964.....	2.7	15.5
1966.....	2.7	15.6
Women:		
1962.....	10.1	25.6
1964.....	8.0	22.3
1966.....	10.1	23.8

each of these years, about 3 percent of the men

³ An examination of workers entitled in 1964 to minimum retirement benefits was reported by Lenore A. Epstein in "Workers Entitled to Minimum Retirement Benefits under OASDHI," *Social Security Bulletin*, March 1967.

and close to 10 percent of the women entitled to retirement benefits had had no covered earnings during the preceding 11 years (for 1964 entitlements, during 13 years). About 16 percent of the men and roughly 25 percent of the women entitled to benefits based on the minimum PIA had had no covered earnings during these periods.

Of the workers entitled to the minimum PIA with some covered earnings in the 11 years (or 13 years) just before entitlement, the proportion with fewer than 5 years of covered earnings during these periods has declined for both men and women, as the tabulation that follows shows.

Workers with minimum PIA	Men			Women		
	1962	1964	1966	1962	1964	1966
Number (in thousands) ¹	61.0	44.0	36.3	84.7	73.8	65.6
Percent:						
With less than 5 years of covered earnings.....	61.8	50.5	37.5	65.9	52.7	36.0
With covered earnings in year before entitlement.....	53.4	62.5	68.9	41.8	49.0	52.6
With no earnings of—						
\$1,200 or more.....	70.7	65.0	46.6	85.4	74.8	59.9
\$2,400 or more.....	98.5	96.4	88.7	99.2	98.6	95.6

¹ With covered earnings since 1950 for 1962 and 1964 entitlements, since 1954 for 1966 entitlements.

Concurrently, the proportion working in the year before entitlement has been increasing. In combination these changes reflect the broadened coverage of workers under the social security program and the greater tendency for workers who previously had not worked in covered employment to earn entitlement in their later years.

The proportion of workers who never had covered earnings of \$1,200 or more or of \$2,400 or more showed a decline over the period, consistent with the generally rising wage levels. From 1951 to 1965, average annual earnings per equivalent full-time employee rose 77 percent.⁴

1966 ENTITLEMENTS

In 1966, about 935,400 persons became newly entitled to regular retirement benefits. Although the entitlements of "special age-72" beneficiaries were almost as numerous as the entitlements to regular retirement benefits and these special bene-

⁴ Data from the Department of Commerce, Office of Business Economics, National Income and Product Accounts.

TABLE 1.—Distribution of workers aged 62 and over entitled to retirement benefits in 1966 by primary insurance amount, by payment status at time of award and by sex

Payment status at time of award	Total number (in thousands)	Primary insurance amount*							
		Total percent	Under \$70			\$70-99.90	\$100-124.90	\$125-149.90	\$150 or more
			Total	\$55	\$55.10-69.90				
All workers									
Total.....	935.4	100.0	20.4	14.4	6.1	19.2	17.7	29.5	13.1
Payable at award.....	665.3	100.0	27.1	19.4	7.7	23.7	17.4	25.7	6.0
Reduced.....	564.5	100.0	26.5	18.2	8.3	25.0	18.0	26.8	3.7
Full.....	100.8	100.0	30.5	25.9	4.6	16.8	14.2	19.4	19.1
Conditional and deferred at award.....	270.1	100.0	4.0	1.9	2.1	8.0	18.5	38.9	30.5
Reduced.....	53.2	100.0	6.0	3.0	3.0	19.0	28.8	31.0	15.2
Full.....	216.9	100.0	3.5	1.7	1.8	5.3	16.0	40.9	34.3
Men									
Total.....	566.7	100.0	12.3	8.2	4.1	15.8	15.6	39.7	16.6
Payable at award.....	360.7	100.0	17.2	11.9	5.2	20.8	16.4	37.7	7.9
Reduced.....	302.6	100.0	15.6	10.2	5.4	22.4	17.6	40.2	4.2
Full.....	58.1	100.0	25.3	21.0	4.3	12.0	9.6	24.8	27.4
Conditional and deferred at award.....	206.0	100.0	3.8	1.7	2.1	6.8	14.4	43.3	31.7
Reduced.....	34.1	100.0	6.2	2.6	3.5	17.3	24.6	39.3	12.6
Full.....	171.9	100.0	3.3	1.5	1.9	4.8	12.3	44.1	35.5
Women									
Total.....	368.7	100.0	32.9	23.8	9.1	24.5	21.0	13.9	7.8
Payable at award.....	304.6	100.0	38.9	28.3	10.6	27.2	18.7	11.5	3.7
Reduced.....	261.9	100.0	39.1	27.6	11.5	28.0	18.4	11.4	3.1
Full.....	42.7	100.0	37.5	32.6	4.9	22.0	20.4	12.2	8.0
Conditional and deferred at award.....	64.1	100.0	4.7	2.8	1.9	11.9	31.7	25.0	26.8
Reduced.....	19.1	100.0	5.8	3.7	2.1	22.0	36.1	16.2	19.9
Full.....	45.0	100.0	4.2	2.4	1.8	7.6	29.8	29.7	29.8

Source: 1-percent Continuous Work History Sample. Benefits awarded January 1966 through February 1968.

* NOTE. In this and subsequent tables, primary insurance amount expressed in terms of amounts payable beginning Feb. 1968 under the 1967 amendments.

fits are indeed low, such cases must be omitted from this analysis since they have no work history.⁵ Ninety percent of the new special age-72 beneficiaries in 1966 had had no covered earnings and 7 percent had had no covered earnings after 1950.

In addition, almost 67,000 persons newly entitled to retirement benefits in 1966 were either transitionally insured (5,000) or had their disability benefits converted to old-age benefits (61,600). The transitionally insured are omitted

⁵ A special age-72 beneficiary is a person aged 72 or over without sufficient quarters of coverage to qualify for a retired-worker benefit either under the full or transitional insured-status provisions of the Social Security Act. The benefit is payable for months in which the person received no public assistance money payments, and the benefit amount is reduced by the amount of any government pension the special age-72 beneficiary is receiving or is eligible to receive. The amount originally authorized and first payable in October 1966 was \$35 a month for the primary beneficiary and \$17.50 for the wife. The increased benefit rates authorized by the 1967 amendments are \$40 and \$20, respectively.

here because by definition they have few quarters of covered earnings.⁶ Persons with converted benefits are also omitted from the following discussion because they are not in fact new beneficiaries.

The total of 935,400 workers first entitled to retirement benefits (excluding the transitionally insured and conversions) in 1966 included 566,700 men and 368,700 women (table 1). The sample data for persons who became entitled to retirement benefits during 1966 are based on awards made sometime between January 1966 and February 1968. The information on their payment status at the time of the initial retirement award subdivides the group into (1) those who began

⁶ A transitionally insured beneficiary is a person aged 72 or over whose entitlement to benefits was authorized by the transitional insured-status provision of the 1965 amendments, with quarters-of-coverage requirement for a retired worker the same as for fully insured status but with a minimum of 3 quarters of coverage instead of the 6 quarters required for regularly insured status.

to receive benefits soon after their award (such awards are termed "payable at award") and (2) those whose award was conditional or deferred—that is, those not yet retired.

Deferred awards are distinguished from conditional awards in that the former normally specify a date when the worker plans to retire and wishes to begin receiving cash payments. Before Medicare legislation was enacted in 1965, relatively few workers received conditional awards since most workers did not file for benefits until they expected to retire. In 1966 almost 30 percent of the entitlements were to conditional or deferred benefits.

A point of difference between the 1966 entitlements payable at award and those that were conditional or deferred is the distribution by primary insurance amount. (To facilitate analysis in terms of the present situation, the PIA's are expressed here in present levels (with the minimum at \$55) instead of those prevailing in 1966 when the minimum was \$44.) Only 2 percent of all workers with conditional or deferred awards were entitled to the minimum PIA of \$55; for 70 percent of them the PIA was \$125 or more. In contrast, 20 percent of those whose benefits were payable at award were entitled to a PIA of \$55 and 32 percent to a PIA of \$125 or more. These differences are the result of the generally higher covered earnings and longer employment of the workers who preferred regular employment to retirement.⁷

Men entitled in 1966 to benefits that were conditional and deferred at award made up more than one-third of all men entitled to retirement benefits in that year. The women with conditional or deferred awards represented only one-sixth of the women entitled in 1966. Thus, men accounted for 61 percent of the workers entitled to retirement benefits in 1966 but only 54 percent of those entitled to retirement benefits payable at award. In the next column is a summary of the proportions of men and women entitled in 1966 to retirement benefits—those payable at award, by PIA, and the total that were conditional and deferred.

Less than 20 percent of the workers entitled in 1966 to conditional and deferred benefits

Benefit status at award and PIA	Percent	
	Men	Women
Payable.....	54	46
\$55.00.....	33	67
55.10-69.90.....	37	63
70.00-99.90.....	48	52
100.00-124.90.....	51	49
125.00-149.90.....	79	21
150.00 or more.....	72	28
Conditional and deferred.....	76	24

claimed them before age 65 and so had to take a reduced benefit. In marked contrast, 85 percent of the workers whose benefits were payable at award were entitled to reduced benefits. A larger proportion of the women than of the men entitled in 1966 took advantage of the opportunity to retire at age 62 and received actuarially reduced benefits payable at award. Part of the difference may reflect the fact that claiming benefits before age 65 has a relatively more adverse effect on a man's PIA than on that of a woman. In computing average monthly earnings for benefit purposes, men but not women must count the years with no earnings between age 62 and age 65 among the 5 years of lowest earnings that may be omitted. For workers with benefits payable at award based on the minimum PIA, 84 percent of the women and 72 percent of the men were entitled to actuarially reduced benefits.

The discussion is limited here to the entitled workers whose benefits were payable at award. Since about 90 percent of the group whose benefit was conditional or deferred at time of award are entitled to a PIA of \$100 or more, that group is excluded. Because 85 percent of the benefits payable at award are reduced, data for workers claiming reduced benefits would be similar to those shown here for all workers whose benefits are payable at award.

Data for men and for women are presented separately because they differ so much in employment history and earnings level. Since men are generally the primary earners they tend to have more recent earnings, more years of covered earnings, and a higher level of covered earnings. Their higher covered earnings reflect the combination of their generally higher earnings levels, greater seniority, and greater recency of employment.⁸

⁷ See Lenore E. Bixby and E. Eleanor Rings, "Work Experience of Men Claiming Retirement Benefits," *Social Security Bulletin*, August 1969.

⁸ For a discussion of the covered earnings and employment history of women, see Ella J. Polinsky, "The Position of Women in the Social Security System," *Social Security Bulletin*, July 1969.

TABLE 2.—Last year in covered employment, 1937-65: Percentage distribution of men and women aged 62 and over entitled in 1966 to retirement benefits payable at award, by primary insurance amount

Last year with covered earnings	Total	Primary insurance amount						
		Under \$70			\$70-99.90	\$100-124.90	\$125-149.90	\$150 or more
		Total	\$55	\$55.10-69.90				
Men								
Number with earnings, 1937-65 (in thousands).....	360.7	61.9	43.0	18.9	75.2	59.0	136.0	28.6
Total percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1965.....	82.9	59.1	58.1	61.4	76.3	86.3	92.4	99.3
1964.....	4.7	6.0	5.8	6.3	5.5	4.9	4.5	.3
1963.....	2.3	3.6	3.5	3.7	3.3	2.0	1.8	.....
1959-62.....	4.6	11.1	10.2	13.2	6.5	5.4	1.2	.3
1955-58.....	2.8	7.3	6.7	8.5	6.2	1.2	.1	.....
1951-54.....	.9	3.4	4.0	2.1	1.6	.....	.....	.....
1950 or earlier.....	1.8	9.5	11.6	4.8	.8	.2	.....	.....
Women								
Number with earnings, 1937-65 (in thousands).....	304.6	118.4	86.1	32.3	82.7	57.0	35.1	11.4
Total percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1965.....	62.1	41.9	40.1	46.7	64.2	81.4	81.5	100.0
1964.....	5.1	4.7	5.1	3.7	5.7	4.7	7.4	.....
1963.....	4.2	4.1	5.0	1.5	4.1	4.9	5.1	.....
1959-62.....	11.1	13.2	13.1	13.3	14.1	7.9	5.8	.....
1955-58.....	7.5	13.9	13.0	16.1	6.9	1.1	.3	.....
1951-54.....	4.4	9.2	8.7	10.5	3.1	.....	.....	.....
1950 or earlier.....	5.6	13.2	15.1	8.0	1.9	.....	.....	.....

Source: 1-percent Continuous Work History Sample. Benefits awarded January 1966 through February 1968.

REGENCY OF EMPLOYMENT

Of the workers entitled to retirement benefits in 1966 whose benefits were payable at award, 83 percent of the men and 62 percent of the women had worked in 1965 (table 2). At each PIA level except the very highest, where the difference disappears, men were more likely than women to have worked the year before entitlement. The difference was greatest at the minimum; at that level 58 percent of the men but only 40 percent of the women worked the year before they were entitled. A summary by PIA of the proportions of workers entitled in 1966 with benefits payable at award and with covered earnings in 1965 follows.

PIA	Percent	
	Men	Women
\$55.....	58	40
55.10-69.90.....	61	47
70.00-99.90.....	76	64
100.00-124.90.....	86	81
125.00-149.90.....	92	82
150.00 or more.....	99	100

On the face of it, it is almost contradictory to find such a large percentage of the workers en-

titled to the minimum PIA who worked in 1965, the last year before entitlement. These may be workers with many years of earnings, all at very low levels or workers earning entitlement in later years who had not previously worked in covered employment. Federal Government civilian workers are one of the few groups not covered by the OASDHI program. According to a recent study more than half of all beneficiaries receiving annuities under the civil-service retirement system and also receiving OASDHI cash benefits had some OASDHI covered employment after their civil-service annuity began.⁹

The last year with covered earnings is significant since those who have worked in recent years have had an opportunity to have covered earnings at the higher annual taxable limit and thus are less likely to have a low PIA (table 3).¹⁰ Further-

⁹ For a discussion of the recency and extent of OASDHI covered employment for civil-service annuitants, see Elizabeth M. Heidbreder, "Federal Civil-Service Annuitants and Social Security," *Social Security Bulletin*, July 1969.

¹⁰ The annual taxable limit on covered earnings was \$3,000 through 1950, \$3,600 in 1951-54, \$4,200 in 1955-58, and \$4,800 in 1959-65. Earnings higher than the prevailing annual limit may occur because of multiple employment or a combination of wage-and-salary employment and self-employment.

TABLE 3.—Primary insurance amount and last year in covered employment, 1937-65: Percentage distribution of men and women aged 62 and over entitled in 1966 to retirement benefits payable at award by primary insurance amount, by last year in covered employment

Last year in covered employment	Total number (in thousands)	Primary insurance amount							
		Total percent	Under \$70			\$70-99.90	\$100-124.90	\$125-149.90	\$150 or more
			Total	\$55	\$55.10-69.90				
Men									
Total.....	360.7	100.0	17.2	11.9	5.2	20.8	16.4	37.7	7.9
1965.....	299.0	100.0	12.2	8.4	3.9	19.2	17.0	42.0	9.5
1964.....	16.9	100.0	21.9	14.8	7.1	24.3	17.2	36.1	.6
1963.....	8.4	100.0	26.2	17.9	8.3	29.8	14.3	29.8	.....
1959-62.....	16.7	100.0	41.3	26.3	15.0	29.3	19.2	9.6	.....
1955-58.....	10.0	100.0	45.0	29.0	16.0	47.0	7.0	1.0	.....
1951-54.....	3.3	100.0	63.6	51.5	12.1	36.4	.....	.....	.....
1950 and earlier.....	6.4	100.0	92.2	78.1	14.1	6.3	1.6	.....	.....
Women									
Total.....	804.6	100.0	38.9	28.3	10.6	27.2	18.7	11.5	3.7
1965.....	189.1	100.0	26.2	18.2	8.0	28.1	24.5	15.1	6.0
1964.....	15.6	100.0	35.9	28.2	7.7	30.1	17.3	16.7	.....
1963.....	12.8	100.0	37.5	33.6	3.9	26.6	21.9	14.1	.....
1959-62.....	33.6	100.0	46.1	33.3	12.8	34.5	13.4	6.0	.....
1955-58.....	22.8	100.0	71.9	49.1	22.8	25.0	2.6	.4	.....
1951-54.....	13.5	100.0	80.7	55.6	25.2	19.3	.....	.....	.....
1950 and earlier.....	17.2	100.0	90.7	75.6	15.1	9.3	.....	.....	.....

Source: 1-percent Continuous Work History Sample. Benefits awarded January 1966 through February 1968.

more, the worker with no covered earnings in recent years has not had the advantage of the even faster upward trend in the general level of earnings.¹¹

Approximately 2 percent of all the men and 6 percent of the women entitled in 1966 to retirement benefits payable at award had had no covered earnings since 1950. Twelve percent of the men and 15 percent of the women entitled to the minimum PIA in 1966 and with benefits in payment status at time of award were insured entirely on the basis of covered employment before 1951. To put it another way: Among both men and women workers who had last worked in covered employment before 1951 and were

entitled in 1966 to benefits payable at award, more than 3 out of 4 had a PIA of \$55 and slightly more than 9 out of 10 had a PIA less than \$70.

The group of workers who last worked in covered employment before 1951 is excluded from many of the tabulations presented here. Those who qualified on the basis of pre-1951 earnings were presumably in noncovered employment, disabled but not entitled to disability benefits, or out of the labor market—as housewives, for example—in the years between 1951 and 1966.

More than half (52 percent) of the men entitled in 1966 and with covered earnings in 1965 had a PIA of \$125 or more. The comparable figure for women was only 21 percent. This difference is in part an expression of the differences in wages and years of covered earnings.

DURATION OF EMPLOYMENT

Since the retired worker's PIA is related to his average monthly earnings, the number of years of covered employment is an important factor. Only about 1 in 10 of all the men entitled in 1966 to benefits payable at award received the

TABLE 4.—Primary insurance amount and years in covered employment, 1951–65: Percentage distribution of men and women aged 62 and over entitled in 1966 to retirement benefits payable at award by primary insurance amount, by years employed

Years in covered employment	Total number (in thousands)	Primary insurance amount							
		Total percent	Under \$70			\$70–99.90	\$100–124.90	\$125–149.90	\$150 or more
			Total	\$55	\$55.10–69.90				
Men									
Total.....	354.3	100.0	15.8	10.7	5.1	21.1	16.6	38.4	8.1
15.....	183.0	100.0	.6	.2	.4	9.0	16.2	59.7	14.5
14.....	29.5	100.0	6.8	2.7	4.1	23.7	27.1	40.0	2.4
13.....	20.4	100.0	13.2	7.4	5.9	37.7	22.1	27.0	.....
9–12.....	67.2	100.0	22.3	12.5	9.8	41.1	21.4	13.4	1.8
5–8.....	30.8	100.0	53.6	37.7	15.9	38.6	5.5	1.6	.6
1–4.....	23.4	100.0	79.9	65.4	14.5	17.5	2.6	.....	.....
Women									
Total.....	287.4	100.0	35.8	25.4	10.3	28.2	19.8	12.2	4.0
15.....	81.9	100.0	5.1	2.1	3.1	25.9	35.8	23.9	9.3
14.....	20.4	100.0	16.2	6.4	9.8	30.4	31.4	21.1	1.0
13.....	15.2	100.0	16.4	7.9	8.6	34.9	28.3	17.1	3.3
9–12.....	69.3	100.0	27.1	15.2	12.0	38.1	19.5	11.3	4.0
5–8.....	58.6	100.0	62.5	46.6	15.9	29.9	6.0	1.2	.5
1–4.....	42.0	100.0	89.0	74.0	15.0	10.7	.....	.2	.....

Source: 1-percent Continuous Work History Sample. Benefits awarded January 1966 through February 1968.

minimum PIA of \$55 (table 4). Among those with fewer than 5 years of covered earnings during 1951–65, however, nearly 2 out of 3 are in the minimum PIA group and 4 out of 5 received a PIA less than \$70. At the other extreme, almost 3 out of 4 of the men with 15 years of covered earnings were awarded a PIA of \$125 or more.

One in 4 of all the women with some covered employment during 1951–65 and 1966 entitlement to benefits payable at award received a PIA of \$55. Of the women with fewer than 5 years of covered earnings, almost 3 out of 4 had the minimum PIA and 9 out of 10 had a PIA less than \$70. In keeping with the generally lower earnings levels of women, only 1 out of 3 of the women with 15 years of covered employment were entitled to a PIA of \$125 or more.

Table 5 shows that at the higher PIA levels the workers had more extensive employment. Specifically, of those entitled to the minimum PIA, about 40 percent of the men and the women had worked fewer than 5 years during the 15-year period. Of the workers entitled in 1966 to a PIA of \$150 or more, 93 percent of the men and 67 percent of the women had 15 years of covered employment.

More than two-thirds of the men and four-fifths of the women newly entitled to the minimum PIA had worked fewer than 9 years during

the 15 years. Almost 60 percent of these men having 8 or fewer years of covered earnings and 45 percent of the comparable group of women had had covered earnings in 1965. These proportions tend to support the assumption that many minimum PIA beneficiaries had not worked in covered employment until their later years and then acquired entitlement in the years shortly before filing for benefits.

Because the clear majority of workers entitled in 1966 worked in covered employment in 1965, the data are similar for all newly entitled workers with some covered employment during 1951–65 and for those who worked in covered employment in 1965 (tables 5 and 6). Of the workers with some covered employment during 1951–65 who were entitled in 1966 to benefits payable at award, 85 percent of the men and 66 percent of the women had covered employment in 1965.

Of these men with covered employment in 1965, 61 percent had a full 15 years of covered employment and 4 percent had worked fewer than 5 years in covered employment. Forty-three percent of the women with covered employment in 1965 had worked in covered employment during every year of the 15-year period, and 7 percent had had fewer than 5 years of covered employment. Three percent of the men and 9 percent of the women who had covered work in 1965 and

TABLE 5.—Number of years in covered employment, 1951-65: Percentage distribution of men and women aged 62 and over entitled in 1966 to retirement benefits payable at award by years employed, by primary insurance amount

Years in covered employment	Total	Primary insurance amount						
		Under \$70			\$70-99.90	\$100-124.90	\$125-149.90	\$150 or more
		Total	\$55	\$55.10-69.90				
Men								
Number with earnings, 1951-65 (in thousands)	354.3	56.0	38.0	18.0	74.8	58.9	136.0	28.6
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
15.....	51.7	2.0	1.1	3.9	22.1	50.4	80.3	92.7
14.....	8.3	3.6	2.1	6.7	9.4	13.6	8.7	2.4
13.....	5.6	4.8	3.9	6.7	10.3	7.6	4.0	.....
9-12.....	19.0	26.8	22.1	36.7	36.9	24.4	6.6	4.2
5-8.....	8.7	29.5	30.5	27.2	15.9	2.9	.4	.7
1-4.....	6.6	33.4	40.3	18.9	5.5	1.0	.....	.....
Women								
Number with earnings, 1951-65 (in thousands)	287.4	102.8	73.1	29.7	81.1	57.0	35.1	11.4
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
15.....	28.5	4.1	2.3	8.4	26.1	51.4	55.8	66.6
14.....	7.1	3.2	1.8	6.7	7.6	11.2	12.3	1.8
13.....	5.3	2.4	1.6	4.4	6.5	7.5	7.4	4.4
9-12.....	24.1	18.3	14.4	27.9	32.6	23.7	22.2	24.6
5-8.....	20.4	35.6	37.3	31.3	21.6	6.1	2.0	2.6
1-4.....	14.6	35.4	42.5	21.2	5.5	.....	.3	.....

Source: 1-percent Continuous Work History Sample. Benefits awarded January 1966 through February 1968.

were entitled to a PIA less than \$70 had 15 years of covered employment during the period. At each of the PIA levels below \$125, relatively more women workers than men had a full 15 years of covered employment during the period.

LEVEL OF EARNINGS

The level of earnings is another important component in determining a retired worker's PIA. Because the PIA is calculated on the basis of average monthly earnings, its size is necessarily correlated with earnings, though modified by the extent of employment. Two measures of the level of annual earnings from the Continuous Work-History Sample data—the highest covered earnings and the earnings in the last year of covered employment during 1951-65—are used here.

Relationship Between Highest and Latest Earnings

The earnings distribution for the latest year with covered earnings is, of course, less favorable

on the average than that for the year of highest earnings (table 7). Many men earn as much or more in their last year of work as in any earlier year. There is, however, another sizable group who suffer reductions in earnings before they retire because of ill health or job shifts.

For half the men entitled in 1966 to benefits payable at award, highest covered earnings between 1951-65 were at least \$4,800, but covered earnings were that high for only about two-fifths of these men in their last year of covered employment. Similarly, only 6 percent of the men never had covered earnings of \$1,200 or more, but 20 percent of the men earned less than that amount during their last year of covered employment.

In marked contrast, only 13 percent of the women entitled in 1966 to benefits payable at award had had covered earnings of \$4,800 or more during 1951-65, and only 10 percent had covered earnings of \$4,800 during their last year of covered employment. Furthermore, 19 percent of the women never earned as much as \$1,200 in this period, and 43 percent of them earned less than \$1,200 in their last year of covered employment.

Three out of 4 of the men whose benefits were

TABLE 6.—Covered employment in 1965 and number of years in covered employment, 1951–65: Percentage distribution of men and women aged 62 and over entitled in 1966 to retirement benefits payable at award by years employed, by primary insurance amount

Years in covered employment	Total	Primary insurance amount						
		Under \$70			\$70-99.90	\$100-124.90	\$125-149.90	\$150 or more
		Total	\$55	\$55.10-69.90				
Men								
Number with earnings, 1965 (in thousands)	299.0	36.6	25.0	11.6	57.4	50.9	125.7	28.4
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
15	61.2	3.0	1.6	6.0	28.7	58.3	7.9	93.3
14	7.2	4.6	2.8	8.6	11.0	12.6	5.1	2.1
13	5.2	7.1	6.0	9.5	11.3	7.3	2.1	.....
9-12	17.3	32.0	26.0	44.8	37.6	19.6	5.6	4.2
5-8	5.0	24.0	27.2	17.2	9.1	1.2	.2	.4
1-4	4.2	29.2	36.4	13.8	2.3	1.0	.....	.....
Women								
Number with earnings, 1965 (in thousands)	189.1	49.6	34.5	15.1	53.1	46.4	28.6	11.4
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
15	43.3	8.5	4.9	16.6	39.9	63.1	68.5	66.7
14	8.2	5.4	2.9	11.3	9.4	10.8	9.1	1.8
13	5.1	2.8	1.2	6.6	7.9	5.2	4.2	4.4
9-12	22.6	25.0	18.6	39.7	27.5	17.7	16.4	24.6
5-8	13.5	32.9	38.3	20.5	13.4	3.2	1.4	2.6
1-4	7.2	25.4	34.2	5.3	1.9	.....	.3	.....

Source: 1-percent Continuous Work History Sample. Benefits awarded January 1966 through February 1968.

payable at award and who were entitled to the minimum PIA in 1966 earned less than \$1,200 in their last year of covered work. About half the men entitled to the minimum PIA never had as much as \$1,200 in covered earnings during the period 1951–65. These extremes are even more pronounced for women workers: 64 percent of those entitled to a benefit payable at award based on the minimum PIA never had covered earnings of \$1,200 or more during the period, and 87 percent had covered earnings below \$1,200 in their last year of covered employment.

Highest Earnings and Years in Covered Employment

The number of years in covered employment and the level of highest annual covered earnings are closely correlated at low and high PIA levels, with some exceptions. The intermediate PIA groups (\$70.00–99.90 and \$100.00–124.90) include those who had relatively few years of covered employment at relatively high earnings and those who had relatively extended employment at lower earnings (table 8).

Most of the workers entitled to the minimum PIA had only a few years of covered earnings during 1951–65, but a significant minority did have extended employment at very low wages. Twenty-four percent of the men and 19 percent of the women entitled in 1966 to minimum benefits payable at award had 9 or more years of covered employment during 1951–65 and had never had covered earnings as high as \$1,800. Approximately 2 out of 5 of the men and 1 out of 2 of the women entitled to a PIA under \$70 had never had covered earnings as high as \$1,200, and in each group almost half of these workers had fewer than 5 years of earnings in covered employment.

More than 90 percent of the men entitled to a PIA of \$150 or more had covered earnings in every year of the period 1951–65, and their highest covered earnings were at the taxable maximum during that period, \$4,800. Virtually all the women entitled to a PIA of \$150 or more had had covered earnings of \$4,800 at some point during the period, but only 66 percent of the women in this PIA group had worked in covered employment in every one of the 15 years since 1950, however.

TABLE 7.—Highest and latest covered earnings, 1951–65: Percentage distribution of men and women aged 62 and over entitled in 1966 to retirement benefits payable at award, by primary insurance amount

Annual covered earnings	Total	Primary insurance amount						
		Under \$70			\$70-99.90	\$100-124.90	\$125-149.90	\$150 or more
		Total	\$55	\$55.10-69.90				
Men								
Number with earnings, 1951-65 (in thousands).....	354.3	56.0	38.0	18.0	74.8	58.9	136.0	28.6
Highest covered earnings, total percent ¹	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than \$1,200.....	6.1	36.8	47.9	13.3	1.2			
\$1,200-1,799.....	5.2	24.5	26.1	21.1	6.1			
1,800-2,399.....	6.7	18.0	14.7	25.0	18.0			
2,400-2,999.....	7.4	10.5	7.1	17.8	24.2	3.7		
3,000-3,599.....	7.3	4.5	2.4	8.9	17.5	17.3		
3,600-4,199.....	8.8	3.2	1.1	7.8	16.4	25.6	1.5	
4,200-4,799.....	8.4	.5	.3	1.1	8.4	23.1	7.0	.3
4,800 or more.....	50.2	2.0	.5	5.0	8.0	30.2	91.5	99.7
Latest covered earnings, total percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than \$1,200.....	20.0	69.1	75.5	55.6	27.9	10.0	3.9	.3
\$1,200-1,799.....	9.1	15.9	15.0	17.8	20.9	9.2	1.7	
1,800-2,399.....	7.8	6.8	5.0	10.6	19.8	10.2	2.3	.3
2,400-2,999.....	7.8	3.4	2.6	5.0	14.2	17.3	3.6	.3
3,000-3,599.....	6.9	1.8	.8	3.9	7.9	20.5	4.1	
3,600-4,199.....	6.0	1.1	.5	2.2	4.0	2.9	7.4	
4,200-4,799.....	4.8	.4	.3	.5	1.7	7.5	7.9	1.0
4,800 or more.....	37.5	1.6	.3	4.4	3.6	12.4	69.0	97.9
Women								
Number with earnings, 1951-65 (in thousands).....	287.4	102.8	73.1	29.7	81.1	57.0	35.1	11.4
Highest covered earnings, total percent ¹	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than \$1,200.....	18.8	51.5	63.6	21.5	1.2			
\$1,200-1,799.....	13.6	28.6	24.2	39.4	12.0			
1,800-2,399.....	14.0	13.2	8.2	25.6	32.6	.4		
2,400-2,999.....	14.0	3.9	2.5	7.4	31.1	19.1		
3,000-3,599.....	11.6	1.4	.5	3.4	14.1	35.4	.6	
3,600-4,199.....	8.2	.9	.4	2.0	5.4	24.9	11.4	
4,200-4,799.....	6.6	.4	.4	.3	1.2	12.3	30.2	.9
4,800 or more.....	13.3	.2	.1	.3	2.5	7.9	57.8	99.1
Latest covered earnings, total percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than \$1,200.....	42.7	80.8	87.0	65.7	35.8	14.0	7.4	.9
\$1,200-1,799.....	12.2	12.5	9.2	20.5	20.0	8.6	3.1	
1,800-2,399.....	10.7	4.8	2.5	10.4	23.6	9.6	3.4	.9
2,400-2,999.....	9.5	.8	.7	1.0	13.1	24.7	4.8	
3,000-3,599.....	6.6	.5	.1	1.3	4.1	22.6	6.3	.9
3,600-4,199.....	4.5	.4	.3	.7	2.1	12.1	11.1	
4,200-4,799.....	4.3	.1	.1		.9	5.3	23.1	4.4
4,800 or more.....	9.5	.2	.1	.3	.6	3.2	40.7	93.0

¹ Annual taxable limit on covered earnings was \$3,600 in 1951-54, \$4,200 in 1955-58, and \$4,800 in 1959-65. A worker's reported earnings for a year may exceed the prevailing maximum because of earnings from more than 1 em-

ployer or a combination of wage-and-salary employment and self-employment.

Source: 1-percent Continuous Work History Sample. Benefits awarded January 1966 through February 1968.

Highest Earnings and First Year of Receipt

As noted above, virtually all the men and women entitled to a PIA of \$150 or more had covered earnings of \$4,800 at some point during 1951-65. Specifically, covered earnings of \$4,800 or more were first credited during 1959-62 for approximately 85 percent of these men and women. These very high proportions tend to support the assumption that many of these workers had been receiving earnings above the taxable maximum before the maximum was raised to \$4,800 (beginning 1959).

Almost two-thirds of the men entitled to the minimum PIA first received their peak covered earnings in the period since 1958, but the peak was below \$1,800 for three-fourths of these men. The increase in the taxable maximum therefore made no real difference to these workers. As the data in the tabulation in the next column show almost half the women entitled to the minimum PIA first received their peak covered earnings before 1959, and, for 85 percent of these women, the peak covered earnings amounted to less than \$1,800.

SUMMARY

In brief, the data show that among the group who were entitled in 1966 to retirement benefits payable at award and whose earnings qualified them for the minimum PIA

—there were twice as many women as men

—almost 60 percent of the men and 40 percent of the women worked in 1965, the last year before entitlement, but 12 percent of the men and 15 percent of the women had had no covered earnings since 1950

—among those with covered earnings in 1951-65, 75 percent of the men and 86 percent of the women had

First year and amount of highest covered earnings	Entitled in 1966 to minimum PIA	
	Men	Women
Number with earnings, 1951-65 (in thousands)	38.0	73.1
Total percent	100.0	100.0
Before 1959	37.4	45.8
Under \$1,800	27.4	39.7
\$1,800-2,999	7.9	5.5
\$3,000 or more	2.1	.7
1959-62	16.8	20.1
Under \$1,800	12.6	17.8
\$1,800-2,999	3.9	1.9
\$3,000 or more	.3	.4
1963-65	45.8	34.1
Under \$1,800	33.9	30.4
\$1,800-2,999	10.0	3.3
\$3,000 or more	1.8	.4

TABLE 8.—Highest covered earnings and number of years in covered employment, 1951-65: Percentage distribution of men and women aged 62 and over entitled in 1966 to retirement benefits payable at award, by primary insurance amount

Highest covered employment ¹ and years in covered employment	Total	Primary insurance amount						
		Under \$70		\$70-99.90	\$100-124.90	\$125-149.90	\$150 or more	
		Total	\$55					\$55.10-69.90
Number with earnings, 1951-65 (in thousands)	354.3	56.0	38.0	18.0	74.8	58.9	136.0	28.6
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than \$1,200	6.1	36.8	47.9	13.3	1.2			
15	.2	1.1	1.1	1.1				
13-14	.6	3.7	4.2	2.8				
9-12	1.0	5.9	7.1	3.3	.1			
5-8	1.5	8.9	11.1	4.4	.3			
1-4	2.9	17.1	24.5	1.7	8			
\$1,200-1,799	5.2	24.5	26.1	21.1	6.1			
15	.4	.4		1.1	1.5			
13-14	.7	2.7	1.6	5.0	1.5			
9-12	1.9	9.3	9.7	8.3	2.0			
5-8	1.2	6.4	7.1	5.0	1.1			
1-4	.9	5.7	7.6	1.7	.1			
\$1,800-2,399	6.7	18.0	14.7	25.0	18.0			
15	1.4	.4		1.1	6.4			
13-14	1.0	1.2		3.9	3.6			
9-12	2.4	6.6	3.7	12.8	6.6			
5-8	1.1	5.4	6.1	3.9	1.2			
1-4	.8	4.5	5.0	3.3	.3			
\$2,400-2,999	7.4	10.5	7.1	17.8	24.2	3.7		
15	2.2	.2		.6	7.9	2.9		
13-14	1.1	.4	.3	.6	4.7	.5		
9-12	2.4	3.4	1.1	8.3	8.7	.3		
5-8	1.2	4.5	3.7	6.1	2.1			
1-4	.5	2.1	2.1	2.2	.8			
\$3,000-3,599	7.3	4.5	2.4	8.9	17.5	17.3		
15	2.8				3.7	12.1		
13-14	1.7	.4		1.1	4.8	3.6		
9-12	1.7	.9	.3	2.2	6.4	1.5		
5-8	.8	2.5	1.6	4.4	2.0	.2		
1-4	.2	.7	.5	1.1	.5			
\$3,600-4,199	8.8	3.2	1.1	7.8	16.4	25.6	1.5	
15	3.8				1.9	17.7	1.3	
13-14	1.6				3.2	5.4	.1	
9-12	1.6	.5	.3	1.1	5.6	2.0		
5-8	1.2	1.2	.5	2.8	4.5	.3		
1-4	.5	1.4	.3	3.9	1.2	.2		
\$4,200-4,799	8.4	.5	.3	1.1	8.4	23.1	7.0	.3
15	3.9				.4	9.3	5.8	
13-14	1.4				1.1	5.8	.4	
9-12	2.2				3.9	6.8	.6	
5-8	.8	.2		.6	2.7	1.0	.1	.3
1-4	.2	.4	.3	.6	.4	.2		
\$4,800 or more	50.2	2.0	.5	5.0	8.0	30.2	91.5	99.7
15	37.0				.3	8.5	73.2	92.7
13-14	6.0				.8	5.9	12.1	2.4
9-12	5.7	.2		.6	3.6	13.8	6.0	4.2
5-8	.8	.4	.5		2.0	1.4	.2	.3
1-4	.6	1.4		4.4	1.3	.7		

See footnote at end of table.

TABLE 8.—Highest covered earnings and number of years in covered employment, 1951-65: Percentage distribution of men and women aged 62 and over entitled in 1966 to retirement benefits payable at award, by primary insurance amount—Continued

Highest covered employment ¹ and years in covered employment	Total	Primary insurance amount						
		Under \$70			\$70-99.90	\$100-124.90	\$125-149.90	\$150 or more
		Total	\$55	\$55.10-69.90				
		Women						
Number with earnings, 1951-65 (in thousands).....	287.4	102.8	73.1	29.7	81.1	57.0	35.1	11.4
Total percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than \$1,200.....	18.8	51.5	63.6	21.5	1.2			
15.....	1.0	2.6	2.2	3.7	.1			
13-14.....	1.0	2.7	2.7	2.7				
9-12.....	2.9	8.1	9.6	4.4				
5-8.....	5.4	15.0	19.4	4.0	.1			
1-4.....	8.5	23.1	29.7	6.7	1.0			
\$1,200-1,799.....	13.6	28.6	24.2	39.4	12.0			
15.....	1.7	1.3	.1	4.0	4.4			
13-14.....	1.4	2.2	.7	6.1	2.1			
9-12.....	3.4	6.6	4.0	13.1	3.6			
5-8.....	4.5	11.4	12.4	8.8	1.4			
1-4.....	2.7	7.1	7.0	7.4	.5			
\$1,800-2,399.....	14.0	13.2	8.2	25.6	32.6	.4		
15.....	3.2	.2		7	11.0	.2		
13-14.....	1.6	.7		2.4	4.7			
9-12.....	4.1	2.9	.5	8.8	10.6	.2		
5-8.....	3.7	5.9	3.8	11.1	5.7			
1-4.....	1.4	3.5	3.8	2.7	.6			
\$2,400-2,999.....	14.0	3.9	2.5	7.4	31.1	19.1		
15.....	5.1				9.5	12.3		
13-14.....	2.2				5.7	3.2		
9-12.....	3.7	.4	.1	1.0	10.2	3.5		
5-8.....	2.1	2.1	1.0	5.1	4.6			
1-4.....	.8	1.4	1.4	1.3	1.1	.2		
\$3,000-3,599.....	11.6	1.4	.5	3.4	14.1	35.4	.6	
15.....	4.3				1.0	20.2	.3	
13-14.....	1.8				1.5	7.2		
9-12.....	3.2	.2		.7	5.7	7.5		
5-8.....	1.8	.9	.4	2.0	4.9	.5		
1-4.....	.4	.3	.1	.7	1.0		.3	
\$3,600-4,199.....	8.2	.9	.4	2.0	5.4	24.9	11.4	
15.....	3.6				.1	13.0	8.0	
13-14.....	1.4				.1	5.8	2.0	
9-12.....	1.6				1.7	4.9	1.4	
5-8.....	1.1	.2	.1	.3	2.7	1.2		
1-4.....	.5	.7	.3	1.7	.7			
\$4,200-4,799.....	6.6	.4	.4	.3	1.2	12.3	30.2	.9
15.....	3.3					4.7	19.4	.9
13-14.....	1.1					1.8	6.6	
9-12.....	1.5				.4	4.6	4.0	
5-8.....	.5	.1	.1		.7	1.2	.3	
1-4.....	.1	.3	.3	.3	.1			
\$4,800 or more.....	13.3	.2	.1	.3	2.5	7.9	57.8	99.1
15.....	6.3					7.1	28.2	65.8
13-14.....	1.8				.1	.9	11.1	6.1
9-12.....	3.8	.1	.1		.4	3.0	16.8	24.6
5-8.....	1.3				1.5	3.0	1.7	2.6
1-4.....	.2	.1		.3	.5			

¹ Annual taxable limit on covered earnings was \$3,600 in 1951-54, \$4,200 in 1955-58, and \$4,800 in 1959-65. A worker's reported earnings for a year may exceed the prevailing taxable maximum because of earnings from more than

1 employer or a combination of wage-and-salary employment and self-employment.

Source: 1-percent Continuous Work History Sample. Benefits awarded January 1966 through February 1968.

earned less than \$1,200 in their peak earnings year during the period.

—only 30 percent of the men and 20 percent of the women employed in 1951-65 had worked 9 or more years in covered employment during the period.

The absolute number of workers awarded benefits based on the minimum PIA has declined, but the relative proportion of men and women en-

titled to the minimum PIA has changed very little since 1962. In general, the work-life experience of workers entitled to the minimum PIA is characterized by few years of covered earnings at low earnings levels. The larger number of women entitled to the minimum PIA is related to the tendency for women to have lower earnings and less extensive employment than men.