

and nonresident alien employees may be excluded under the new law.

Lump-Sum Distributions

Lump-sum distributions attributable to plan participation before 1974 are taxable as long-term capital gains. Those attributable to plan participation after 1973 are to be treated as ordinary income and are taxed under an averaging device as if they were received evenly over a period of 10 years. The tax is to be based on the schedule for unmarried individuals, regardless of other income earned in the year of distribution. The portion of the distribution representing the employee's contribution remains nontaxable. This rule is also applicable to self-employed plan participants who previously were required to use 5-year averaging provisions.

Studies

The legislation provides for the creation of a congressionally staffed Joint Pension Task Force, which is specifically authorized to make a full study and review of:

- (1) the extent to which the three vesting alternatives contained in the new law cause discrimination in employment opportunities among employees in various age groups;

- (2) the means of providing for the portability of pension rights among different pension plans;

- (3) the appropriate treatment of small employers under the termination insurance provisions; and

- (4) effects and desirability of Federal preemption of State and local laws concerning employee-benefit plans.

Also authorized is a study of public employee retirement plans that includes an analysis of the adequacy of existing levels of participation, vesting, and financing arrangements, their existing fiduciary standards, and the necessity for Federal standards.

Results of these studies are to be reported to Congress by December 31, 1976.

In addition, the Labor Department was directed to study the steps necessary to ensure that professional, scientific, and technical personnel under Federal procurement contracts or grants can be protected against loss of pension rights because of job transfers or loss of employment. This study is to be completed within 2 years.

The Labor Department was also given permanent authority to engage in research studies relating to pension plans. The studies are to cover the effects of the new law on plan provisions and costs, the role of private pension plans in meeting the economic security needs of the Nation, the operation of private pension plans—including types and levels of benefits, degree of reciprocity or portability, financial and actuarial characteristics and practices—and the methods of encouraging growth of the private pension system.

Notes and Brief Reports

Concurrent Supplemental Security Income Payments and OASDI Cash Benefits*

In June 1974, a little more than half the 3.5 million persons receiving federally administered supplemental security income (SSI) payments¹

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¹The data in this note exclude persons receiving only State supplementation payments in States with State-administered programs.

also were receiving monthly cash benefits under the old-age, survivors, and disability insurance (OASDI) program (table 1). The proportion was substantially higher among the aged (70 percent) than it was among either the blind (36 percent) or the disabled (28 percent). The monthly OASDI cash benefit to persons receiving SSI payments (including both Federal benefits and federally administered State supplementation) averaged almost \$115 for the aged and \$124 for the disabled in June.

The SSI program was established by the 1972 amendments to the Social Security Act and replaced the Federal grants to the States for aid to aged, blind, and permanently and totally dis-

TABLE 1.—Number and percent of persons receiving federally administered SSI payments and concurrent OASDI benefits and average amount of OASDI benefit, June 1974, by reason for SSI eligibility

Reason for eligibility	Total number	With OASDI benefits		Average monthly OASDI benefit ²
		Number ¹	Percent of total	
Total.....	3,583,900	1,880,100	52.5	\$116.91
Aged.....	2,093,300	1,462,900	69.8	114.86
Blind.....	72,900	25,900	35.5	121.94
Disabled.....	1,417,700	391,300	27.6	124.27

¹ Partly estimated

² Reflects OASDI benefit increase effective June 1974, which was payable July 3.

abled adults with inadequate income in the 50 States and the District of Columbia.² (In Guam, Puerto Rico, and the Virgin Islands the Federal grants programs continue.) The new program provides for both Federal payments based upon uniform national standards and State supplementary payments that vary from State to State. A State may administer its own supplemental payment plan or elect to have this done by the Social Security Administration, which disburses the Federal payments.

The extent of concurrent receipt of SSI and OASDI benefits in the States ranged from 71 percent in Nevada to 28 percent in Alaska (table 2). In 12 States more than 6 out of 10 persons under the SSI program also were receiving OASDI benefits.

For the aged SSI population the proportion of individuals also receiving OASDI benefits ranged from 42 percent in Alaska to 85 percent in Wisconsin. In Maine, Massachusetts, Nevada, and California the proportion of aged persons in concurrent payment status was more than 80 percent. Among blind persons receiving SSI payments and concurrent OASDI benefits the range went from 15 percent in Colorado and New Mexico to 59 percent in Massachusetts. For the disabled the range was from 13 percent in Utah to 45 percent in Maine.

In the first 6 months of operations, January-June 1974, the proportion of all persons receiving SSI payments concurrently with OASDI benefits rose about one-fifth. Under the former State

² For a description of the Federal SSI program, see James C. Callison, "Early Experience Under the Supplemental Security Income Program," *Social Security Bulletin*, June 1974.

TABLE 2.—Percent of persons receiving federally administered SSI payments and concurrent OASDI benefits, by reason for SSI eligibility and by State, June 1974

State	Total	Aged	Blind	Disabled
Total.....	52.5	69.8	35.5	27.6
Alabama.....	61.9	69.9	26.7	33.8
Alaska.....	27.6	41.6	24.0	16.5
Arizona.....	43.1	62.1	19.6	21.4
Arkansas.....	63.6	71.6	33.0	40.1
California.....	60.0	81.2	49.3	34.4
Colorado.....	47.3	66.8	15.0	15.5
Connecticut.....	37.1	60.9	32.3	18.6
Delaware.....	(1)	(1)	(1)	(1)
District of Columbia.....	32.6	58.0	24.3	19.7
Florida.....	44.7	51.1	29.8	31.3
Georgia.....	55.7	68.1	30.5	33.5
Hawaii.....	48.9	66.2	24.3	26.2
Idaho.....	53.3	75.6	32.2	31.1
Illinois.....	33.1	65.3	22.9	17.4
Indiana.....	59.8	70.7	33.9	38.5
Iowa.....	64.1	75.6	43.5	37.2
Kansas.....	51.7	70.3	38.7	26.0
Kentucky.....	54.7	67.0	15.8	30.2
Louisiana.....	53.9	63.3	21.2	27.5
Maine.....	67.2	83.4	43.6	44.7
Maryland.....	32.6	62.4	25.8	15.1
Massachusetts.....	66.3	82.2	58.7	34.2
Michigan.....	46.7	70.4	26.1	28.4
Minnesota.....	48.9	71.1	28.8	26.8
Mississippi.....	60.7	71.1	25.2	36.0
Missouri.....	63.0	73.6	51.3	37.5
Montana.....	51.5	77.2	43.3	27.9
Nebraska.....	54.0	73.9	30.4	29.1
Nevada.....	71.0	81.3	60.5	37.5
New Hampshire.....	60.7	75.1	41.7	33.7
New Jersey.....	46.6	63.9	37.7	26.9
New Mexico.....	40.7	59.4	15.0	24.2
New York.....	41.7	70.5	29.8	17.7
North Carolina.....	63.9	72.4	34.0	29.9
North Dakota.....	56.4	69.4	21.6	32.3
Ohio.....	40.1	65.2	26.6	19.0
Oklahoma.....	45.9	56.3	20.8	25.0
Oregon.....	45.3	76.4	26.7	22.0
Pennsylvania.....	43.7	61.4	32.9	23.2
Rhode Island.....	55.9	77.3	34.4	37.3
South Carolina.....	51.5	65.5	26.6	29.2
South Dakota.....	60.1	72.2	30.4	35.4
Tennessee.....	54.7	69.6	21.8	29.8
Texas.....	58.2	64.0	25.0	35.8
Utah.....	30.0	57.6	23.7	12.9
Vermont.....	(1)	(1)	(1)	(1)
Virginia.....	57.2	73.9	28.4	32.3
Washington.....	39.1	71.5	27.5	18.3
West Virginia.....	43.8	62.4	19.6	21.6
Wisconsin.....	69.2	85.6	28.7	42.3
Wyoming.....	57.8	74.3	40.7	33.9

¹ Data not available.

assistance programs—old-age assistance, aid to the blind, and aid to the permanently and totally disabled—the percentage with monthly OASDI benefits as of December 1973 was 43 percent, compared with 53 percent of those with federally administered SSI payments in June 1974 (table 3).

In several States the rate of dual receipt rose markedly.³ In South Carolina, 22 percent of those under the former State assistance programs also were receiving OASDI benefits, compared with 52 percent of those under SSI in June. In four other States—North Carolina, Virginia, Wisconsin, and South Dakota—the rate increased by 20 percentage points or more. Twenty-one States

³ Data for Delaware and Vermont are not available.

showed increases of 10 percentage points or more.

From January through June the proportion of dual receipt declined in five States—Alaska, Colorado, Missouri, Nevada, and New Hampshire. These States, with the exception of Nevada, have chosen to administer their own supplementation programs. Persons in these five States who are receiving only a State supplementation payment are not included in the records maintained by the Social Security Administration and no information is available on their income. Generally,

TABLE 3.—Percent of persons concurrently receiving OASDI benefits among those with federally administered SSI payments, June 1974, and among transferees from former State assistance programs, December 1973

State	Percent with OASDI benefits	
	Among persons with federally administered SSI payments	Among transferees from State assistance programs
Total.....	52.5	43.2
Alabama.....	61.9	57.2
Alaska.....	27.6	42.6
Arizona.....	43.1	37.5
Arkansas.....	63.6	57.2
California.....	60.0	55.4
Colorado.....	47.3	47.7
Connecticut.....	37.1	31.1
Delaware.....	(1)	56.8
District of Columbia.....	32.6	25.7
Florida.....	44.7	35.2
Georgia.....	55.7	45.9
Hawaii.....	48.9	41.1
Idaho.....	53.3	45.2
Illinois.....	33.1	20.2
Indiana.....	69.8	47.9
Iowa.....	64.1	51.9
Kansas.....	51.7	39.6
Kentucky.....	54.7	40.5
Louisiana.....	53.9	50.1
Maine.....	67.2	62.6
Maryland.....	32.6	22.6
Massachusetts.....	66.3	58.6
Michigan.....	46.7	37.3
Minnesota.....	48.9	35.2
Mississippi.....	60.7	55.7
Missouri.....	63.0	65.5
Montana.....	51.5	42.9
Nebraska.....	54.0	46.9
Nevada.....	71.0	85.3
New Hampshire.....	60.7	67.8
New Jersey.....	48.8	37.9
New Mexico.....	40.7	27.8
New York.....	41.7	26.3
North Carolina.....	53.9	26.6
North Dakota.....	56.4	45.8
Ohio.....	40.1	31.4
Oklahoma.....	45.9	41.1
Oregon.....	45.3	33.2
Pennsylvania.....	43.7	30.4
Rhode Island.....	55.9	43.4
South Carolina.....	51.5	22.1
South Dakota.....	60.1	40.1
Tennessee.....	54.7	37.5
Texas.....	58.2	50.5
Utah.....	30.0	20.7
Vermont.....	(1)	52.5
Virginia.....	57.2	32.0
Washington.....	39.1	31.2
West Virginia.....	43.8	24.8
Wisconsin.....	69.2	48.7
Wyoming.....	57.8	45.3

¹ Data not available.

persons receiving State supplementation only have income in excess of the Federal SSI payment levels, and for the most part this income consists of OASDI benefits.

The decline in the dual-receipt rate of Nevada is related to the fact that the State did not have an assistance program for the disabled. The individuals who had been on the State assistance rolls, therefore, were almost all aged persons and more likely to be receiving both SSI payments and monthly OASDI cash benefits.

The increase in the overall proportion of OASDI beneficiaries in the SSI population suggests an even higher proportion among persons awarded SSI payments who were not transferees from State assistance programs at the beginning of the year. Data are not yet available separately, however, for these persons. If this trend continues the proportion of persons receiving concurrent SSI payments and OASDI benefits should also continue to rise as the program develops.

Social Security Abroad

Earnings Replacement Rate of Old-Age Pensions for Workers Retiring at End of 1972*

In many countries during the past few years, the old-age pensions under their social insurance programs have represented a rising proportion of the average pensioner's previous earnings. The level reached by persons retiring at the end of 1972 is indicated in the accompanying table. Two separate developments are reflected in the continued increase in the replacement rate.

One is a direct increase in the level of benefits because of recent legislation, as in Switzerland and the United States. The rise in the proportion has been especially high in Switzerland, where the rates almost doubled from 1972 to 1973: For the single worker, the rate was 19 percent in 1972 and 36 percent in 1973; for couples, the rate went from 28 percent to 54 percent.

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